THE BUSINESS WEEK

A Journal of Business News and Interpretation

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The Business Week

WITH WHICH IS COMBINED THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

COVERING EVENTS OF THE WEEK ENDING NOVEMBER 16, 1929

Business Outlook—Rainy and Cooler

THE records for October and the early weeks of November show that a slow and irregular business recession is going on. This is not general; it has, as usual, affected the basic industries more than general trade; and in only relatively few lines has it yet brought the current level of manufacturing activity and trade below that of last year. Part of this decline, especially in the basic industries, is seasonal or a natural reaction to the excessive expansion during the first half of this year; but part is undoubtedly due to the gloom and uncertainty growing out of continued security price deflation. This situation has tended to accentuate the decline in commodity prices that has been going on since July, especially in those raw materials where stocks are large.

The stock market liquidation is running about its usual course. The initial decline in prices has been more drastic and concentrated in a shorter time than in 1901 or 1907, and the succeeding bear market period may consequently be less prolonged. Pre-war experience showed that rising business activity may accompany a bear market, just as a bull market may accompany a period of slack business. The cycles of trade and speculation do not coincide.

In this instance we may expect business to recover somewhat more rapidly than the stock market because of the easing of money, the rapid liquidation of security loans and the abundance of funds available for business expansion. Whatever its purpose or its fiscal wisdom, promise of federal tax reduction will help somewhat, but the early and final interment of the abortive attempt at tariff revision, and a moratorium on Congressional muckraking this winter would help more.

There Isn't Going To Be Any Tariff Bill

THERE isn't going to be any tariff bill. This is the worst possible news for business—not in itself, but because it means that Congress is going to drag the matter along for weeks and months leaving business in its present state of confusion. A clean-cut decision confirming the news cannot be expected.

It has become obvious that the Hawley-Smoot measure, however changed, cannot be enacted by the special session. Highly placed observers tell THE BUSINESS WEEK that they do not expect the regular session to break the deadlock, that what will happen is that after Christmas, probably in January, the Senate will pass a few amendments to the existing tariff law. Some time after that all efforts to procure a new measure will be dropped. Whatever happens, it is generally agreed that President Hoover will veto any bill that does not embody a flexibility provision, that does carry a debenture plan.

The special session is expected to end on November 30, or thereabouts, without the Senate having taken action on more than half of the items scheduled for rate changes. When the regular session begins, that body must first of all decide whether Senator-elect Vare of Pennsylvania shall be seated. This will consume at least a week. Leaders of the House have announced that before Christmas they will send two appropriation bills to the Senate. Either or both of these can be dragged out and furnish sufficient excuse for side-tracking the tariff bill, which will no longer rank as

unfinished business. If a complete tariff measure should be brought out of the Senate after the first of the year, it would probably never emerge from conference.

Broadly, the Senatorial forces are divided into three groups in the tariff fight—the regular Republicans, the old-line Democrats, and the insurgent Republicans, now writhing under Senator George H. Moses's characterization of "sons of the wild jackass." These groups are divided into sub-groups, each of which has its own axe to grind and is busily turning its grind-stone. The regular Republicans think that the bill, as it is now, should and will be killed. But they believe it may hang on for several months, as they are not ready to take the responsibility of tossing it overboard. The old-line Democrats have scant hope of enacting any bill, and less of obtaining a measure for which they can vote with good grace. They hope the matter will come to a head, one way or another, before Christmas. But they doubt if it will. The insurgents still have some hope of passing their bill, and are for going ahead no matter how long it takes, until the bill is either passed or strangled in conference. They think, generally, that everything can be done before Christmas.

The Republican insurgents, who hold the balance of power, have done most of the writing of the bill so far in the Senate. They are now the only group which holds to anything which might be properly called an affirmative program. The essence of their program is equalization of protection between industry and agriculture. They agree on the necessity of raising agricultural duties to much higher levels, and probably will continue their demand for export debentures or some other form of bounty. Adherents of Senator Borah would reduce the present industrial schedules somewhat; those who follow Senator Norris would cut them a little more, more even than would the old-line Democrats.

It is on this issue that the insurgent coalition may go to pieces, if at all. Old-line Democrats say they will force the matter by offering amendments lowering present industrial rates to the low tariff bases that are traditionally Democratic.

Thus it seems impossible for any group to prepare a measure which in the end could get a majority of votes in the Senate. Perhaps the insurgent Republicans could come nearest by leaving industrial duties substantially as they are. But in that case the old-line Democrats would vote against the bill, and enough regular Republicans would vote against it to kill it. An absolute impasse has apparently been reached, and there seems no way to break it except by junking the Hawley-Smoot bill and relying on amendments to the present law.

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October Industrial Activity Sustained

THE October consumption of electrical energy by 3,600 manufacturing plants reporting to the *Electrical World* shows general industrial activity in the United States was slightly below September and was 4% above last October. Four industrial groups—chemical products, paper and pulp, rubber products, and textiles, were more active in October than in the preceding month. Food products, rolling mills and steel plants, ferrous and non-ferrous metal-working plants, leather products, automobiles, parts and accessories and the stone, clay and glass industries were less active in October than in September. The leather, automobile, rubber, and food industries fell below October a year ago. The rate of manufacturing activity in industries generally was lower than last year in the North Central States and the Western States.

The metal-working industries were operating about 11% above the level of last year at this time and show no signs of curtailment during the remaining two months of the year. The textile industries were working at a rate 12.3% above September and 7.3% above last October. This is the highest rate of October activity ever seen in these industries.

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Federal Reserve Cuts Rediscount Rate

THE trend toward easier money was accelerated this week when the New York Federal Reserve Bank cut its 5% rediscount rate to 4½%, the lowest rate in effect at the New York bank since July 12, 1928. This follows the cut from 6% to 5% on Nov. 1 and is probably the beginning of a general reduction by all Reserve banks from the 5% level, held for more than a year in most cases.

The step is taken primarily as an aid to business in line with the system's set policy of tightening rates in time of overstimulation and easing them in periods of understimulation. Removal of the threat of speculation by the stock market collapse has made it possible for the system to act much sooner than expected. The Reserve's remarkably strong position, permitting almost unlimited credit expansion if necessary, has been another aid.

Lower acceptance rates will follow and more funds will come into the market. The system can also, if it wishes, release additional funds by purchasing government securities in the open market.

Important to a disturbed domestic business and financial community, the step is also significant from a world standpoint. As a result, either this country will lose gold to foreign nations, or these nations will likewise reduce their rates. The latter is the most likely course.

Reduction of the Reserve rate marks the culmination of a definite sequence which started at the opening of September. The stock market began to slip and there was more and more talk of a business recession. Both trends have continued, accompanied by the easing of interest rates as release of speculative funds has developed.

During the week four definite steps have been taken. The Reserve rate cut was most important; the Treasury's promise of tax reduction next. It is significant that Roy A. Young, Reserve head, was called into conference at the White House along with Treasury officials when the latter step was under discussion. It is not improbable that the Reserve action was also discussed at that time. Institution of a Stock Exchange investigation into short selling, and a stop-order on rumors make up the other two steps.

The Fall Merger Crop

THE newspaper records noted 52 mergers during October. This is probably not complete, because many smaller ones escaped notice. Moreover, a number of the October mergers brought together more than two concerns—in one case as many as eleven were involved in a food products combination, which is counted only as a single merger in the list.

The number of mergers announced has been running at about this rate—between forty and sixty monthly, so far this year.

The largest single group includes seven retail store mergers, the most of them in the chain store field. The combination of William Filene and Abraham & Straus and others was the outstanding one in the department store field. Six mergers were noted in the oil field, three in radio and two each in chemicals, aircraft, drugs, electrical products and sugar.

There was one large hotel merger that centered in the United International Hotel, Inc., which acquired four Canadian and eight American hotels. The miscellaneous group amounting to 23 reached into the textile, clothing and shoe fields, food products and paper, containers, advertising, hardware, wire, machinery, theatre and construction lines.

It is interesting that in the banking field, which is not covered by this compilation, the rate of merging is about the same as that in the industrial and commercial lines. There were 486 bank mergers in the first nine months of 1929, which is between fifty and sixty monthly.

Whether the merger rate will drop off as a result of the stock market collapse is a speculative question.

So far as the merger movement in the past few years has been fostered by financial strategy and a high tide in security markets on which to float merger securities, it may be expected to slacken.

So far as the mergers of recent years have been dictated by the need of strengthening or absorbing weak concerns, the incentive to consolidation may be increased during the next six months.

America, at Last, Taps Her Savings

THE propaganda against savings deposits waged by speculative interests, aided and abetted by human greed, finally showed results during the fiscal year which ended last June. For the first time in the twenty years during which records have been kept by the American Bankers' Association, deposits declined, the drop totalling $195,000,000. New England and the Pacific Coast were the only sections of the country to show increases. The general decrease coincided with a drop of more than $1,000,000,000 in total deposits. It followed a year which showed the largest increase ever recorded—$2,300,000,000 for the fiscal year ending June 30, 1928.

On June 29, 1929, savings deposits totalled $28,217,656,000. There were 52,664,127 accounts. During the previous year the accounts were more numerous by 500,000, and the total deposits greater by $195,000,000. In 1929 savings per person in the United States were $235; in 1928 they were $237. The actual proportion of the decrease is greater when accumulated interest payments are considered. In 1928 about $1,000,000,000 of the total was accumulated interest, figuring at a minimum rate. In past years interest payments have often accounted for an increase recorded in the principal of savings deposits. These payments now run about $80,000,000 a year. Thus the decline has absorbed all the normal increase from interest sources, and has also eaten into the principal. The downward sweep of the curve, hitherto pointed out by THE BUSINESS WEEK, was sharpened by the pull of the stock market for funds and by the pull of the call market, for many corporations withdrew their funds and sent them into the call market to get higher interest rates.

Perhaps the stock market should assume most of the blame for the drop in savings deposits, but not all. The largest decreases occurred in the South. There a large part was played by agricultural troubles, and by the fact that neither industry nor business has been as prosperous as in other regions. Throughout the South the decrease was $223,000,000 in eleven out of thirteen states. The Middle Atlantic States lost an average of $2 per inhabitant, the East Central states lost $193,000,000, and the West Central states $33,000,000. The gain in New England was $88,800,000, an average of $10 a person. In that area 152,984 new savings accounts were opened. The Pacific States gained $79,000,000 in deposits, an average of $9 per person, and 278,000 new accounts. But these gains were not sufficient to offset the losses in other regions.

In Europe But Not of It

THE United States was the moving factor in creating the International Bank as a means of handling international reparations and debt payments in a systematic and stable way. It was an American, Owen D. Young, who was primarily responsible for putting the idea over at the conference where the Young Plan was drawn up. The European nations were not enthusiastic and evidently are still sceptical, judging by the difficulties which have been encountered in framing the constitution of the bank and setting up the machinery by which it is to operate. In the conference now going on at Baden-Baden, American unofficial representatives are again taking the lead in untangling the knots European politics are tying in the scheme.

Yet the United States will not only have no official part in the bank's functions; it does not want even to make use of the machinery of reparations payment which it is establishing in the International Bank. It is now conducting negotiations looking toward the payment of its part of German reparations directly by Germany instead of through the bank.

Europeans are no longer surprised at such paradoxes. They recall that an American president created the League of Nations of which the United States has refused to be a part. They no longer resent it, though a bit cynical about it.

The annual payments which Germany has to make to the United States are not large compared with the rest of her reparations payments, and technically they may not be considered reparations at all. Nevertheless, they are part of the Young Plan and would logically be part of the international payments to be handled by the bank. So much are they a part of reparations that President Hoover, when the negotiations over the Young Plan reached a deadlock, said he would recommend to Congress that they be scaled down, in order that the Allies might get a little more from Germany.

Originally Germany owed us $292,663,000 as expenses of our army of occupation. Credits allowed to Germany for armistice funds and several minor items plus payments made by Germany bring the balance now due to $193,936,000. Mr. Hoover's offer to knock about 10% off the original total will reduce

the obligation to $164,670,000. Besides slicing 10% off, Mr. Hoover agreed to spread payment of the balance over a period of 37 years, in line with the Young Plan, in annuities averaging $6,021,000 yearly.

Germany, besides, owes us $171,841,000 on account of awards made by the Mixed Claims Commission. Principal and interest on claims not yet settled may add as much as $250,000,000 more, bringing the total to $421,841,000, on which Germany has already paid $31,831,000. The terms extended by the White House for the payment of these claims do not forgive any part of either principal or interest but provide for spreading Germany's liabilities over a period of 52 years, on annuities of $9,710,000. Under the Paris agreement the United States is entitled to receive for the purpose of satisfying these claims a 2½% share of German reparations, but not more than $10,710,000 in any one year, which was approximately the amount paid by Germany during the year ended August 31.

If this readjustment of army costs and awards by the Mixed Claims Commission goes through Congress, Germany will have to pay us approximately $16,000,000 a year. In making these payments the bank will not be designated as agent of the United States, but there will probably be no objection to the bank's acting as Germany's agent. Congress is more likely to oppose Hoover's offer of more favorable terms to Germany than to raise any technicalities about the method of payment.

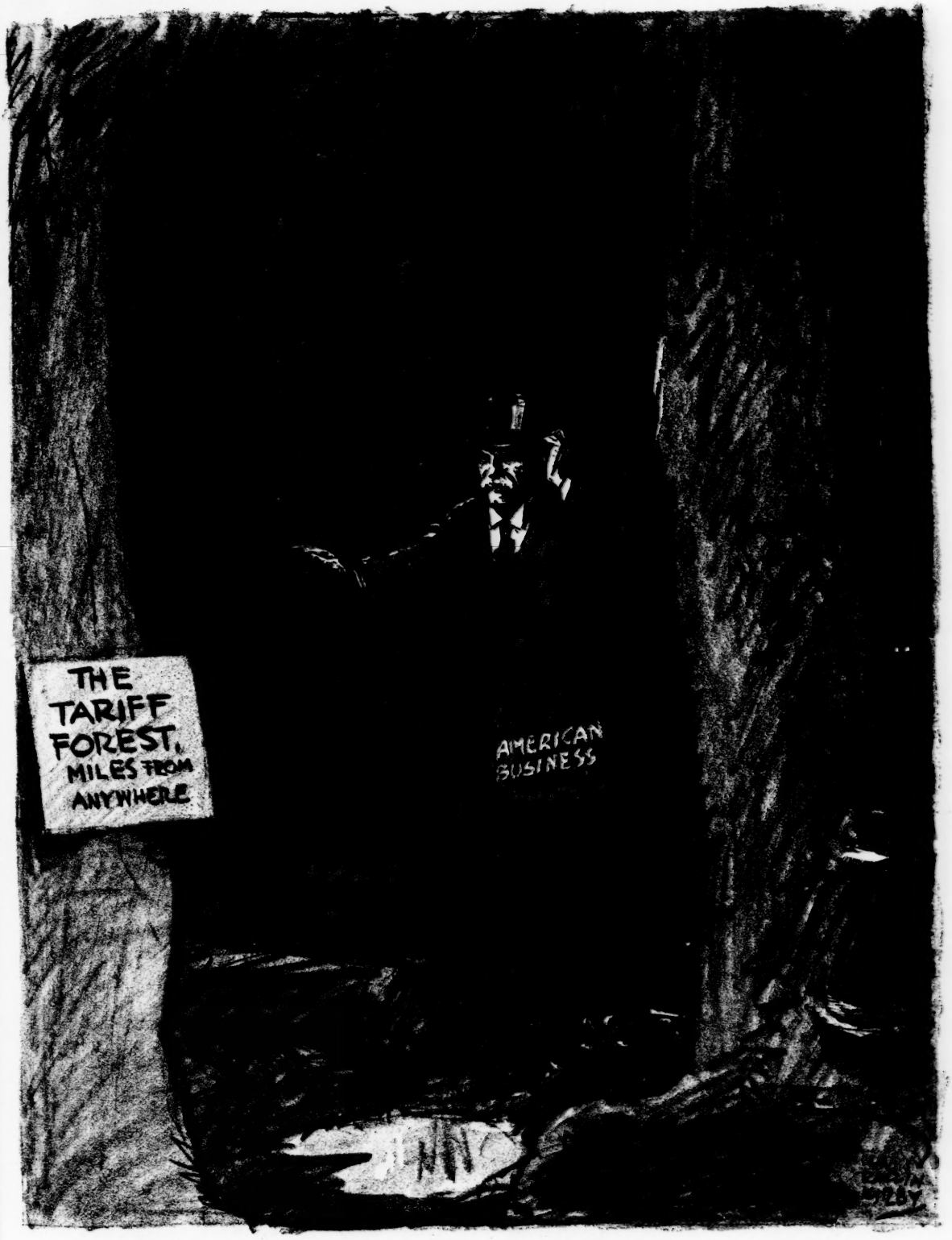
Nor Will We Help Make Reciprocal Treaties

ANOTHER instance of our curious aloofness in European matters of direct interest to the United States is seen in the position we now occupy in the conference going on in Paris, under the auspices of the League of Nations, designed to draw up an international treaty to provide equal treatment by all nations of foreigners and foreign enterprises in their countries (see THE BUSINESS WEEK November 9, page 4). The United States is represented in a "consultative capacity" but has told the conference that, while we should be glad to have all of the benefits of the treaty, the United States cannot promise anything because such matters are entirely in the hands of the 48 states.

As a result of our inability to participate in this important effort to open the channels of international trade, it appears that the whole project is not going very well and is expected to accomplish little toward ending restrictions now existing. The convention which the conference will adopt is likely to be much less liberal than that which the League submitted as a basis for discussion. The business men who assembled at the last meeting of the International Chamber of Commerce this summer urged that it was more important to have maximum rights for foreigners established in the convention even at the cost of having fewer nations sign it, than to obtain a minimum number of concessions to which a larger number of nations would agree.

As things stand the hope of restricting the imposition of double taxation on aliens is dwindling. This is perhaps the most important feature of the whole project. It was hoped also that the restrictions placed by many countries on foreign salesmen, who in some cases are subject to regulations covering street peddlers, might be minimized. But several countries, including the Scandinavian, still insist that foreign salesmen shall operate only under special licenses.

Although the matters dealt with in this conference seem for the most part to be petty annoyances, in the aggregate they constitute a most important obstacle to the free growth of international trade, and it would be greatly to the advantage of the United States to be able to exercise its influence and leadership in removing them.



NO ROAD OUT

International Photo

"SONS OF THE WILD JACKASS"

Once confined to Biblical lore, Senator George H. Moses says they are now in Washington, disguised as insurgent Republicans

Utilities ► Reduction Protest Something New

WITH its protest against rate reduction, the first on record in the state, Salem, Mo., has started what is probably the most unusual proceeding in all electric rate history.

Missouri General Utilities, a private company operating in several Missouri cities, has long been quarreling with Salem authorities over rates charged for electricity. Salem built a municipal electric plant and distribution system, was ready to order the private company off the streets when its franchise ran out. The city proposed the same rates as Missouri General Utilities, to build up a sinking fund for bond retirement.

But the private company countered with a reduced rate schedule to meet the new competition. Salem claims this reduction was in bad faith. The State Utility Commission has suspended the lowered rate schedule for 120 days, is asking whether the new schedule would discriminate against other cities served by the same company at higher rates. The courts will pass on the ouster proceedings.

It is a typical utility problem—a municipal plant subsidized from taxes gaining an advantage that the private company calls "unfair."

Shipbuilding ► American Yards Hum With New Orders

BRIGHT spot in the gloom that has enshrouded business during the lingering market depression is the November report of the shipbuilding industry. Between October 1 and November 1, tonnage under construction in American shipyards increased to 366,146, raised the United States from seventh to second place in world merchant ship construction, encouraged steel companies which are finding winter orders discouragingly curtailed.

Outstanding orders: Dollar Line, 2 ships; Matson Line, 2 ships; Export Line, 4 ships. Bids opened November 15 by the United States Lines, will consign orders for two passenger and cargo liners of 30,000 gross tons, and speed of 22 knots; will augment America's rapidly growing prestige among transatlantic travelers. Contracts, the bulk of which have gone to Bethlehem Shipbuilding Corporation, Newport News Shipbuilding and Dry Dock Company, New York Shipbuilding Company, and the Federal Shipbuilding Company, will keep at least 8,000 men at work for two years.

Shipping circles credit the Jones-White bill with its attractive offer of loans at low interest rates and mail contracts. No such measure is responsible for increase in shipbuilding abroad. Tonnage in Great Britain and Ireland in March was 1,357,375, in June had increased by 96,531, in the third quarter 1,448,355 or 51.2% of the world's shipbuilding. Germany jumped to 406,982 in June, and fell to 235,499 in September. Japan's sprint in the shipbuilding race continued in the third quarter with 156,810 tons on the ways.

Motor ships are rapidly gaining in popularity. At the beginning of the year merchant ships under construction in all countries totalled 2,607,000 tons, of which 1,212,000 tons were steamships and 1,395,000 tons were motor ships. Great Britain was building 705,000 tons of steamships and 536,000 tons of motor ships; the United States was lagging with 37,000 tons of steam and 5,000 tons motor. During the year increases in volume of motor ship tonnage have been steady. Practically all of Japan's shipbuilding is of vessels with internal combustion engines.

Pursuance of the present shipbuilding activity is a boon to home industry and labor, promises to increase the percentage of American trade carried in American bottoms from one-third to more nearly one-half its total volume, is stock-in-trade for the jingoist. Shrewd shippers are already warning against unwarranted expansion and competition likely to be fatal to profit-taking. Scrapping of obsolete bottoms will be speeded but there are known limits to the loads available in world trade. Policy of carrying half the country's outgoing trade and returning with full cargoes is sound, and a healthy goal at which to aim.

Herbert Photo

BANG! BANG! BANG!

And another party bit the dust! Senator Smith W. Brookhart dons hunting clothes after divulging innermost secrets of senatorial wet feast. He was an invited guest

P. & A. Photo

HE WAS A GUEST

And he says he has some notion of the proprieties. E. E. Loomis, president of the Lehigh Valley, won't discuss Senatorial dinner three years ago

Distribution ► **Another Inventory That Can Be Cut**

PAINT stores have been carrying too many sizes and varieties. For instance:

One wholesaler stocked 207 varieties of varnish brushes. A year's record showed no sales on 50 kinds of brushes, one sale each on another 50. Only 80 types out of the 207 could boast more than 50 sales during the year. Four out of 8 sizes of one particular brand represented 95% of the sales on that brand and accounted for more than $700 of a sales total of $800.

Manufacturers sell large quantities of paint in six-gallon cans. Distributors sell few six-gallon lots. Over 50% of their orders could have been supplied in the original cans if the paint had been put up in 3- and 4-gallon cans. Drip, time, and containers would have been saved.

Lighter body colors run heavily in larger sizes. Trim colors were sold predominantly in the smaller sizes.

If wholesale purchasing were based on such facts as these uncovered by recent studies of paint merchandising by the Department of Commerce, wholesalers' inventories would be profitably reduced.

Distribution ► **Wholesale Merger Covers Country**

MERGER of Butler Brothers, national distributors of general merchandise, and American Wholesale Corporation, of Baltimore results in what is said to be the largest wholesale organization in the United States. Both sell to retailers under the catalogue system, such items as house furnishings, dry goods, furniture, jewelry, and toys.

The Baltimore house will be operated as the American Wholesale Corporation division of Butler Brothers. The new unit is the largest wholesaler in the Southeast, handling a complete line of dry goods and general merchandise. Its 1928 sales were $22,866,000.

The acquisition of the American Wholesale Corporation will add Baltimore to the list of cities served by Butler Brothers branches—New York, Chicago, St. Louis, Minneapolis, Dallas and San Francisco. Butler Brothers explains that this seventh plant serving the territory south of Philadelphia and east of Ohio gives the company effective distribution in every county in the United States.

P. & A. Photo

MYSTERY MAN OF EUROPE

Sir Basil Zaharoff, one of the world's richest men; seldom photographed; always an enigma

Utilities ► **"Ceiling Rule" Decision May Make History**

THE recent decision of the California Railroad Commission in the long-drawn-out case involving the relationship of the American Telephone & Telegraph Company to its Bell subsidiaries (Pacific T. & T. and Southern California Telephone), may affect the whole rate structure of American telephone systems. It was based on the first searching investigation into such relationships in recent years and answers questions asked in similar cases pending in other states.

The Commission held that the 1½% of gross revenue charged by the A. T. & T. for administrative, supervisory and other services was not excessive; that excessive prices paid for telephone instruments reduce appraisal of properties; that reproduction cost is too high because of excess profits made by Western Electric in acting as manufacturing agent for associated companies; that a flat rate is discriminatory; that depreciation annuity should be determined on a 6% sinking fund basis; that business should bear a somewhat greater proportion of rate increases than residential subscribers. The net effect to subscribers was a decrease of $210,000.

A unique phase of the decision is the fact that for the first time in the West the so-called "ceiling rule" was invoked. Under this rule a company having a state-wide business on a reasonable earning basis for the whole, may not pick out an unprofitable section in which to raise rates, unless a decrease is effected elsewhere, thus preventing an increase in over-all state earnings. In the present case the Pacific T. & T. was permitted to raise rates in San Francisco, but the Southern California Telephone Company had to lower them in Los Angeles.

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THE thirtieth season of the Passion Play at Oberammergau next year promises potential traffic of 300,000 passengers for Lufthansa, German air line which will schedule regular service.

Automobile ► Cars Jumped the Road When Ford Crowded In

COMPLETE passenger car registrations for the first nine months of the year, now out, emphasize the weight of Ford's return to full production. There were 3,269,000 cars sold in these months; 2,482,000 for the same period of 1928: an increase of 787,000 or 32% in 1929. Eliminating Ford sales from both totals leaves registrations for this year at 2,184,000 compared with 2,202,000 for January-September, 1928. In other words, while Ford sales have increased tremendously and have been entirely responsible for the 1929 sales records, sales of all other cars have been 18,000 less than they were last year.

Ford sales increased nearly 300% over the first nine months of 1928. Sales of General Motors units declined 3%. Other car makers whose sales have been less this year than in the corresponding period of 1928 include Studebaker-Erskine, with a 20% decrease; Whippet-Willys-Knight, 7%; Hupmobile, 26%; Reo, 17%; Durant, 30%; Chevrolet, 2%.

Makers, other than Ford, that have sold more cars this year than last include Chrysler—all makes—with an increase of 10%; Hudson-Essex, 17%; Graham-Paige, 11%; Packard, 12%; Auburn, 78%; Nash, less than 1%.

While Ford was out of production in 1928 the rest of the industry divided most of his potential sales among themselves and achieved a record year. With Ford back in the picture, the others have tried to forget his presence and to continue at the 1928 pace. Failure to do the impossible is the basic cause for the present overproduction which has brought about too big stocks, aggravated used car problems and a general lowering of dealer morale. Ford is again doing business at the old stand. Other makers would do well to recognize the fact and adjust their own activities accordingly.

Utilities ► Yellow Taxis May Form Chain

YELLOW cabs ply in almost every sizeable city. Usually they are independently operated. Now the Parmelee Transportation Company of New York is considering a nation-wide unification of Yellow Taxis. The company's operations now are confined to a few cities in the East, and Chicago.

Ernest R. Miller, president, has just returned from a national tour, investigating the possibility of a taxicab chain.

Automotive ► Snooty Cars Sell Well Despite Panic

THE late lamented Wall Street fiasco had little effect upon the prospective purchaser of an Isotta-Fraschini, a Rolls-Royce, a Duesenberg or any of the other extremely high hat automobiles shown at the Chicago Automobile Salon this week.

Sales during the first three days were about $250,000, approximately the same as last year. Total sales for the week last year were $2,800,000 in Chicago, $4,200,000 in New York and $800,000 in the Los Angeles Salon.

THE BUSINESS WEEK representative picked up some unusual views on the general business situation from salesmen at the Salon. A representative of the Salon management said the mental attitude of the exhibitors was their biggest handicap. If sales managers had the courage of some of their salesmen the results would be better, he thought.

A salesman offered the view that to Salon visitors high priced cars are necessities just as neckties are for most folk. They live by clipping coupons; stock market gyrations mean little to them.

The stock market is being offered as an alibi by those who have no intention of buying, but mob all such exhibitions out of curiosity. One salesman asserted drily that the kind of folk who spend $20,000 for an Isotta-Fraschini do not talk to salesmen about their financial affairs.

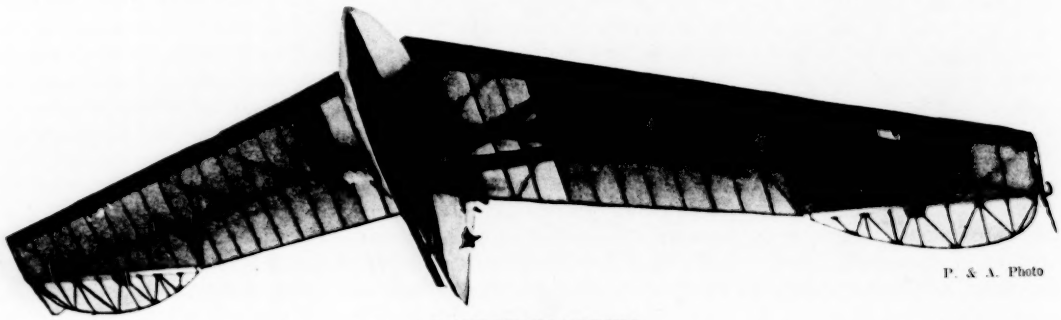
The New York Salon, which formerly has preceded the Chicago Salon, opens in the Hotel Commodore December 1. This date is chosen because the week following Thanksgiving finds more wealthy persons at their town houses and apartments than at almost any other time of year. The coming New York Salon will be the twenty-fifth and special attention is being given to the silver anniversary celebration.

Retailing ► Women Don't Like Crowds

WOMEN dread taking children into congested city centers. Two developments are reported to save them from the necessity:

Stearns, Boston department store, has opened a children's store in Newton Center, a residential suburb. The announcement indicates an attempt to spare women the bother of parking and driving in city traffic and to save them the worry of bringing children to town. Yet the suburban store is located at the busiest corner in the suburb. The experiment will be watched with interest.

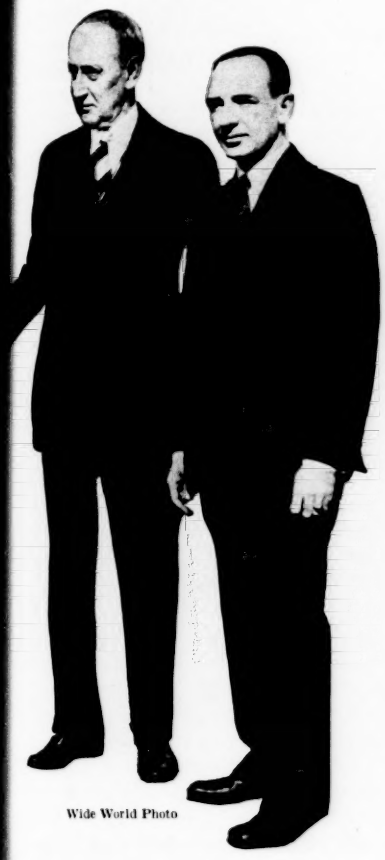
Purchasing agents, women shoppers, are multiplying so rapidly in New York



P. & A. Photo

MOTORED MOTH

German aviators demonstrate new moth-like tail-less airplane. All controls are on the wings. Cost, $800; speed, 78 miles an hour



Wide World Photo

A DAWES WITHOUT A PIPE

Rufus Dawes, the Ambassador's brother, receives President Hoover's proclamation inviting the public to attend the Century of Progress Fair in Chicago in 1933. Mr. Dawes is president of the Fair. At right, Major L. R. Lohr, general manager

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that one of the large department stores reported that last month about 60% of its charge sales were made to "purchasing agents." These women represent purchasers living outside the city and buy for them, on request, anything offered in the large department stores. The purchasing agents buy in their own name on account, and in turn collect from their clients sometimes on a C.O.D. basis, sometimes on a monthly account. Their commission from their clients is small or sometimes nothing, but they receive discounts from the department stores on all orders they place, representing the transfer of the credit risk.

Agriculture ► Now Is the Time To Build Roads

THERE is a sober note in the announcement of the American Motorists Association that sixteen states curtailed their road building or rebuilding program and decreased their state road expenditures during 1929. In seven other states road building outlay will fail to keep pace with the increase in automobile registrations.

The states that will spend less on the highways this year than during 1928 are Alabama, Arkansas, Colorado, Delaware, Florida, Illinois, Iowa, Kansas, Montana, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, and South Carolina.

The association says that the estimated total of all types of highways to be constructed by the end of this year by state governments will be 30,287 miles, or approximately an average of one mile for every 808 automobile registrations.

The fact that construction of permanent roads is not increasing as fast as the number of automobiles is becoming a matter of serious concern to farm organizations. Sam Thompson, president of the American Farm Bureau Federation, points out that there are nearly 2,500,000 miles of unimproved dirt roads in the United States and nearly 5,000,000 of the 6,250,000 farms are on these dirt roads. In fact, he says there are less than 500,000 farms on year-round surfaced roads. This, he feels, is a most serious situation from the point of view of agricultural development.

The economic life of the United States, he says, is geared to rapid transportation, to the airplane, the bus, the truck, the automobile, the electric line, and the fast freight. But the produce of the farm moves from the farm to the next transportation system in the line to market on the same sort of road that existed 100 years ago, and if it moves by modern motorized equipment it does so under the terrific wear and tear tax on that equipment. Year-round roads would enable the farmer to spread the marketing period not over a few weeks when the dirt road is dry and hard, but over a number of months, thereby avoiding the seasonal glut of the market that penalizes agriculture millions of dollars each year. The lack of permanent roads also hurts agriculture in other ways, through increased fire loss, increased cost of sickness and through what he designates the "mud barrier to rural education."

It is a striking fact that up to August 31 this year the total mileage of permanent roads in both federal and state highway systems in this country was 78,797 miles, with 10,321 more miles of permanent road under construction. The existing permanent highways at this rate would be just about long enough to accommodate all of the registered automobiles in the United States end to end.

It is evident that the United States has a long way to go before it develops an adequate permanent road system. But this cannot be done without the solution of the difficult and complex problems of public finance involved. The farmer cannot pay for such roads, which is the reason why he has to get along with dirt roads. How to distribute the tax burden for the vast road building program that lies ahead is the problem that cannot be solved without radical changes in our state taxation systems, for which many states are not as yet prepared.

Railroads ► Freights Move at New Record Speeds

HEAVY freight traffic handled by the railroads of this country continues to be moved at increasing speed. Cooperation between shippers, railroads, and terminal elevators has likewise speeded up the movement of grain.

The average speed of freight trains in September, 1929, was 13.1 miles per hour, highest for any September on record, 0.4 miles above that of September, 1928. September's daily average movement per freight car was 34.3 miles, also the highest for any September on record, 0.5 miles above September, 1928, and 1.7 miles better than September, 1927. Average load per car, including both carload and less than carload freight, was 27.1 tons this September, an increase of 0.4 tons over that of a year ago.

Construction ►

Longest Bridge Completed Ahead of Time

A PHENOMENAL record in the construction industry was set up this week with the completion, nine months ahead of schedule, of the Ambassador International Bridge, world's longest suspension span, connecting Detroit with border cities of Canada—and this in spite of a serious setback due to defective wire cables, all of which had to be replaced.

The structure is 7,400 feet long between terminal abutments, and beyond the abutments includes two terminals each equivalent to a city block in area. The distance from entrance to exit is 9,000 feet. The main span is of wire cable, suspension type, with unloaded backstays, 1850 feet between towers. This is 100 feet longer than the Philadelphia-Camden span, the longest suspension bridge and highway bridge now in operation; and it will be the longest until the Hudson River bridge with a span of 3500 feet, is completed in 1931.

Used in construction of the bridge were: 11,000 miles of cable wire weighing 24,000 tons; 25,000 cubic yards of concrete masonry; 2,000,000 rivets.

The bridge was designed and erected by Jonathan Jones, chief engineer of the McClintic-Marshall Company of New York.

Completion of the Detroit structure draws attention to the remarkable boom in bridge building that has taken place in the last four years, a boom due, construction authorities believe, to the following facts: Growth of the automobile, motor bus and truck has brought more highways and these, in turn, have created a need for bridges. Toll bridges have proven profitable as business enterprises, and money for their construction is, therefore, available. The tendency today, however, is toward financing by municipalities and states, and tolls are removed when the structures have paid for themselves. Engineers also point to the fact that this is the day of huge construction jobs. In 1921, a $1,000,000 contract was notable. In one month of 1929 three contracts totaling $30,000,000 were reported. Bridging a wide river is no longer the enormous undertaking it once seemed.

A few of the more notable bridges under construction or built since 1926, with lengths:

Cooper River Bridge, Charleston, S. C., 14,060 feet; Goethals Bridge, (Staten Island, N. Y.-Elizabeth, N. J.), 7,100 feet; James River Bridge, Newport News, Va., 29,467 feet; Lake Pontchartrain, New Orleans, 25,922 feet; San Francisco Bay, San Mateo, Calif., 7 miles.

Aviation ►

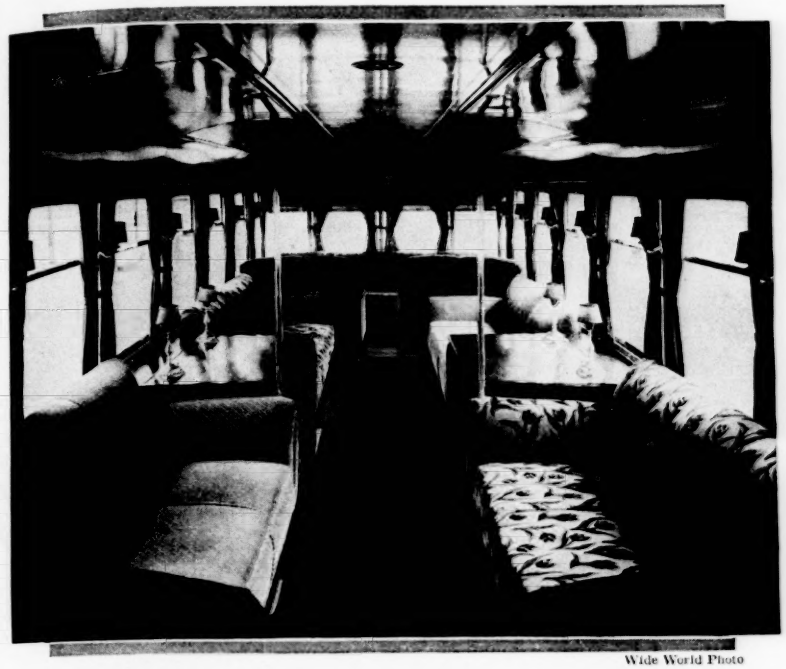
Plans Dirigible for Commercial Use

PLANS for the construction of a 100-ton, metal-clad dirigible for commercial service have been announced by Detroit Aircraft Corporation. This concern recently completed the first metal-clad airship which, after passing a number of tests, has been accepted by the Navy. The proposed airship will be 520 feet long, 115 feet of beam, powered with 4,800 horsepower, have sleeping accommodations for 50 passengers, available space for large quantities of express and freight and will have a cruising radius of 2,000 miles at speeds up to 100 miles an hour.

This is by far the largest airship proposed for commercial use but is considerably smaller than the ZRS-4 being built for the Navy, whose ring was laid in Akron last week.

WORLD'S LONGEST BRIDGE SPAN

New Ambassador bridge over Detroit River, connecting Detroit and Sandwich, Ontario. The main span between the towers is 1,850 feet long, 100 feet longer than the Philadelphia-Camden Bridge. The new Hudson River span will be longer. Dedicated Armistice Day, and opened to traffic November 15



Wide World Photo

LUXURY FOR COMMUTERS

The latest in motor buses. Observation-lounge, with davenports, library tables, shaded lights, and thick rugs, now used by bus companies on "suburban de luxe routes"

Utilities ► **Piping Waste Gas Means Piping Times for Gas**

CALIFORNIA'S new law designed to curb the enormous wastage of natural gas, of which some 1,000,000,000 cubic feet blows off into atmosphere every day, bids fair to usher in a new economic order of affairs in that state. The statute became operative September 1; already the effects are being felt in price cuts and curtailment of oil production.

Within the flush fields of Southern California seven major oil companies have reduced prices 50%; operators in the Santa Fe Springs district have agreed to a 30% limitation in production.

The ultimate result of the law is uncertain, but it seems certain that its primary purpose—conservation of a great natural resource—will be accomplished. This should definitely influence the production of oil, and eliminate the great excess of crude now glutting a saturated market. Since they are forbidden to waste it, producers must find a market for great quantities of natural gas. The price at the fields to bulk purchasers will probably drop. Producers will almost give away gas in order to keep oil production going. Thus cheap natural gas will be available in the state's great population centers, new industries will be attracted to its use, more of it will be used for heating and cooking.

Conservation on such a huge scale will also mean cheap fuel for steam-electric power plants. Cheap fuel will mean lower electric rates. These, coupled with new industries and increasing population, mean greater consumption and greater revenue for the electric utility companies.

An interesting phase of the present situation is that Boulder Dam power, if and when available, will enter a highly competitive market supplied with steam power costing not more than four mills a kilowatt hour. Very likely the cost will be nearer two mills.

In August of this year California's natural gas production was 54,000,000,000 cubic feet, of which 29,000,000,000 cubic feet were wasted, 7,800,000,000 sold, and 17,200,000,000 used by the oil companies. Curtailment of oil production will automatically reduce the wastage to about 15,000,000,000 a month, 500,000,000 a day. The daily market for approximately 400,000,000 cubic feet of natural and artificial gas may be doubled within five years when the greater part of the gas now wasted will be put to use. Meanwhile, California faces the problem of what to do immediately with such enormous quantities of gas. And other states likewise, for in other oil fields gas conservation is proceeding along much the same lines as in California.

Development ► **Call Money Comes Back to Industry**

A LARGE concern with which the St. Louis Industrial Club has been dickering unsuccessfully for two years sent representatives to the Missouri metropolis last week and began to look for a factory site. The club received two inquiries from Chicago investment bankers soliciting the handling of industrial development security issues. Large real estate operators in St. Louis report a distinct quickening of interest in industrial properties.

So said George C. Smith, director of the club's Industrial Bureau, whose job is to bring new industries to St. Louis. For two years a principal obstacle has been the high interest rates offered by the New York call money market. For this reason many concerns have postponed expansion. He now finds that the obstacle has been removed. Interest rates have been reduced, and are no longer high enough to attract industrial funds away from their usual investment course, which is in productive enterprise. Mr. Smith said:

"The last money that went into Wall Street will be the first out—the industrial funds. Provided there is no slump in general business, I believe there will be considerable industrial expansion. In many cases profits taken out of the stock market before the break will now be turned to industrial expansion investments."

Distribution ►

Farmers Relieve Farm Board

KANSAS CITY has stopped its milk war. The farmers' strike has called off and both sides have returned to a pre-strike price basis. A trained investigator will present recommendations that both may agree upon. Dr. Clyde King of the Wharton School of Commerce and Finance has been retained to make the investigation. He has made a special study of milk distribution and is a recognized authority on the subject. His recommendations were the basis for settlement of a milk strike in Chicago a few years ago.

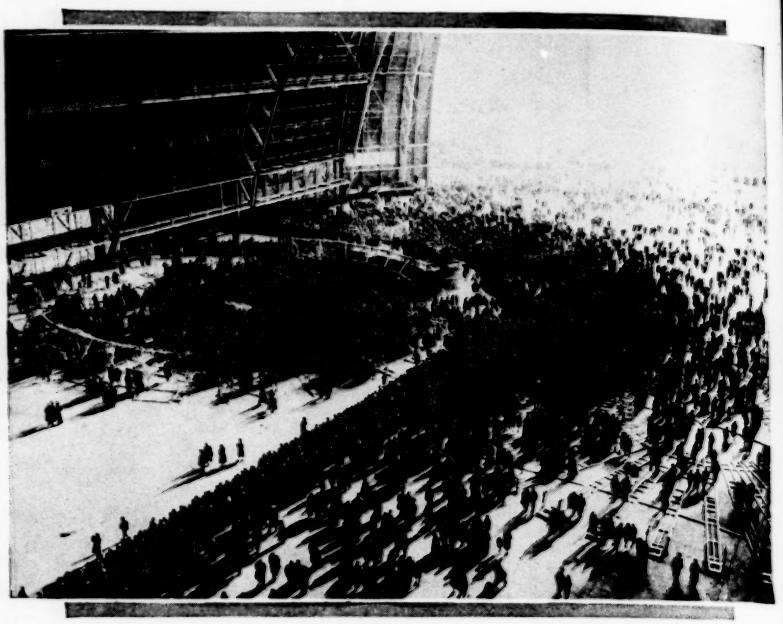
The settlement in Kansas City, incidentally, may have relieved the Federal Farm Board of embarrassment. The farmers' cooperative has appealed to the Board for funds, citing the loan granted to the Dairy Cooperative in the Cleveland district just as a milk war started in that city. The farmers there have attempted to set up their own distribution system, have refused dictation from the National Dairy Products Company. The latter company controlling a substantial portion of the retail distribution of milk, undertook to discipline the farmers by bringing in milk from Pennsylvania and Wisconsin. The situation is still tense.

Production ►

Don't Talk Good Business Down

TWENTY-SEVEN top executives in the machine-tool industry, queried by *The American Machinist*, replied that the stock market crash had had no effect upon their business. Four said that it had had some effect, but they were inclined also to blame the conditions of the automotive industry. Two reported distinctly adverse effects. To the question "Are orders on your books satisfactory?" nineteen said Yes, one said No, and three said they were fair. Nineteen also said that new bookings were satisfactory, four said they were not, and three said they were fair. Sixteen had received no cancellations whatever, six reported normal cancellations, one less than normal, and one above normal.

Excerpts from three letters give an accurate cross-section of opinion: "What we are fearing as much as anything at the moment is that there may be too much talk about the matter." "I think business is on an extremely stable basis, and I also believe that the country as a whole knew that the stock market was ailing. We all wondered when it would tumble, so it did not come as a surprise, and should have no effect upon the business situation." "It is our feeling that the less said, the better."



Herbert Photo

THE GOLDEN RIVET

Rear Admiral Moffett drives it into the master ring of the ZRS-4, giant naval dirigible, in the Goodyear plant at Akron, Ohio. You can't see the rivet, or even the Admiral, but you can see what a whopping big thing the new hangar is

Electrical ►

Cooks by Current Twice as Fast

PRODUCTION of the new "calrod" heating unit for electric ranges—Edison Electric Appliance Company's latest contribution to speedy cooking—was doubled this week. A pocket-size affair, the result of ten years and $500,000 of research, the new unit is 29% faster than old methods, and 15% more economical. It is a steel tube about a half inch in diameter, in which a helical coil of nickel chromium wire is packed with powdered magnesium oxide, which when compacted conducts heat rapidly but does not conduct electricity. Diameter of the tube is reduced by swaging until the magnesium oxide, which when compacted is as hard as granite. The outside of the tube is alloyed with aluminum.

George A. Hughes, father of the electric range and head of Edison Electric Appliance, says that with this unit, costs of cooking with three-cent electricity and dollar gas are identical. The problem for the consumer is to find three-cent electricity.

Retailing ►

Chain Stores Still At Higher Levels

SALES of chain stores for October, 1929 were all greater than those for October, 1928. Increases for the first 10 months of the year were in line with those of October. Reports do not show comparative increases in number of outlets so that it is impossible to say how much of the increased sales comes from added stores and how much, if any, from gains in public favor.

Retailing ►

Store "Guests" Must Pay Rent

THE cost of running a retail paint store is being analyzed by the Domestic Commerce Division of the U. S. Department of Commerce. The plan of analysis is unique in that it is closely patterned on hotel accounting. Commodities are treated as "guests," charged for the space they occupy, the duration of their stay, the amount of investment

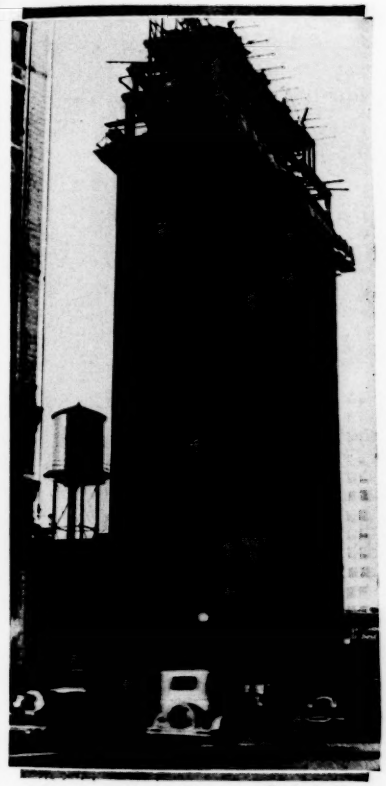
entailed, the number of special services incurred.

The survey also includes a cost analysis of various types of customers with special reference to the cost of handling small customers.

A small-scale model retail store will be submitted to the mid-western annual meeting of the association.

Textiles ► **No Pony Ever Sees Most Polo Shirts**

THE polo shirt is emulating the career of the silk shirt, of blessed memory. Starting as the swankiest of sport garments, the polo shirt has now become the favorite apparel of the truck driver, the steam fitter, and others whose diversions do not ordinarily include polo. Spinners of combed yarns report the largest volume of orders from shirt manufacturers in more than six years.



P. & A. Photo

"RAZOR BLADE BUILDING"

Thinnest tall structure in the world (14 stories, 25 feet thick, 100 feet wide) rises at No. 430 North Michigan Avenue, Chicago, on land valued at $500,000,000, a record for property in its district

Railroads ► **Fog of Battle Hangs Over Consolidation Map**

THINGS have been happening thick and fast the last few days in the field of railroad consolidation. Moves and countermoves of opposing interests have left the railroad world guessing. Pennsylvania and the Van Sweringens are still tussling in the center ring. So far it looks like a dog-fall.

Pennsy upset the Van Sweringens when its Pennroad Corporation purchased control of Pittsburgh and West Virginia. It looked as if their plans were knocked awry. But quick as a flash O. P. and M. J. came back with the announcement that the I. C. C. had authorized their Nickel Plate to buy controlling stock interest in the Wheeling & Lake Erie, sought by various trunk lines.

Railroad sages are frankly puzzled over what the Pennsylvania is going to do with the Pittsburgh and West Virginia. If the I. C. C. formally approves this deal—as is generally anticipated—it may end plans for a fifth trunk line in the East, hasten the inclusion of the Erie in the Van Sweringen scheme. Eastern consolidation, then, might deal to each trunk system a north-and-south line: to New York Central the Virginian; to C. & O. the Erie; to B. & O. the Western Maryland. Under a four-system plan, the B. & O., the New York Central, and the Nickel Plate would each hold one-third interest in the Pittsburgh and West Virginia west of the Ohio; and one-fourth interest with the Pennsy, east of the Ohio.

Another look at the picture reveals a proposed extension to the Pittsburgh and West Virginia's line at Connellsville, already approved by the I. C. C. This 6-mile extension, tapping the Donora industrial district, would make an important connection with the American Steel and Wire Plant at Donora. It is recommended because, in combination with the Wheeling, and perhaps the Wabash, it would furnish a strategic industrial route through vital steel territory between Baltimore and the mid-West. Strange to say, Pennsy is opposed.

Now, on top of Pennroad's purchase of Pittsburgh & West Virginia, comes a report that Pennsy is buying Reading, controlled by the New York Central and the B. & O., and essential to the latter in reaching New York City. It looks as if Pennsylvania were trying to snatch smaller lines wholesale under the noses of rivals who likewise want them in their trunk lines. However, Mr. Loree does not intend to let any grass grow under his feet. He's watching every move of the Pennsy with keen interest, while keeping a corner of one eye on the Wabash, which covets some of his connections. The Taplins, on the other hand, appear to be out of the picture. Their dream of linking up Pittsburgh & West Virginia with Wheeling and Western Maryland to connect Pittsburgh, Cleveland, and Baltimore seems now to have faded into the clouds. It's up to the Pennsy to "carry on."

The Commission's order authorizing the Van Sweringens to buy deposit certificates for controlling stock in Wheeling & Lake Erie puts it entirely out of Pennsy's reach. If formally approved later, Wheeling will be an integral link around the C. & O. The decision by the Van Sweringens last August to trustee this stock sold by N. Y. Central and B. & O. to their Allegheny Corporation was nothing short of an inspiration. It was hailed as a *beau geste* to the Commission at the time, but its success in keeping Wheeling & Lake Erie out of the Pennsy's hands has turned out to be a grand coup. Coupled with the recommendation a short while ago of C. V. Burnside, assistant director of the Commission's Bureau of Finance, that the B. & O. be allowed to get control of the Buffalo, Rochester & Pittsburgh, Van Sweringen's permission to purchase the prized Wheeling & Lake Erie takes on added significance. Their control of Wheeling, and the B. & O.'s control of B. R. & P. fit nicely into consolidation plans of the Van Sweringens. Are O. P. and M. J. downhearted? He who runs may read.

Yet, after all, neither the Pennsy nor the Van Sweringens have any reason to congratulate themselves unduly. They cannot count their chickens before they hatch. Both have acquired new lines;

I. C. C. approval is only tentative, pending adoption of final consolidation plans later. Then, too, the status of Pennroad and Allegheny Corporations has not been definitely settled. These holding corporations, now engaged in hectic buying of other roads, may have to "cease and desist" if the I. C. C. determines that they have been violating the Anti-trust Act. So far, they have been leading a butterfly existence, flitting from road to road, sucking the nectar of financial honey from the lines they favored. Attorney General Mitchell, too, has put on a new pair of spectacles, and is busy ransacking his law books. Railroad consolidation will continue to be muddled until this situation is cleared up.

Railroads ► **Great Northern Thrusts South**

THE recent proposal of Great Northern to push south into California to connect with the Western Pacific has brought howls of protest from its chief rivals, Southern Pacific and Union Pacific. This battle, involving three great systems and a smaller pivotal road, with lines in every state west of the Mississippi, promises to be a classic in western railroad annals.

The right to construct a 200-mile line, at a cost of $13,000,000, is at issue. Southern and Union Pacific argue that this proposed line would cause duplication of equipment and needless competition among three erstwhile friendly lines, having 30,000 miles of rails, and serving territory whose products and natural resources differ widely. The 200 miles of new line would link Great Northern and Western Pacific, and make possible a traffic exchange with the Santa Fé, creating a competitive rail route from Mexico to Canada along the Pacific slope.

Great Northern last spring applied for permission to build 88 miles of line from Klamath Falls, Calif., to a point near Bieber, Calif. Western Pacific simultaneously asked for a line of 112 miles north from Keddie, Calif., to meet the Great Northern extension. Great Northern and Western Pacific argue that public convenience and necessity demand the construction of the new line, say it will open up for development 20,000,000,000 feet of ripe timber. Supporting these contentions are the large west coast cities and many of the state railway commissions.

Favorable action on Great Northern's proposal will have far-reaching consequences. For years, Southern Pacific has had a practical monopoly in rail shipments between California and the Northwest. The new 200-mile link would break this up and give Great Northern direct entry into the heart of California.

Wide World Photo

NEW PREMIER

French reporters and correspondents crowd around André Tardieu, who forms new Cabinet to succeed government of M. Briand. Now you know what a French reporter looks like

Railroads ► **Carriers Show Faith in Mexico**

SOUTHERN PACIFIC of Mexico will inaugurate through Pullman service from Los Angeles to Mexico City about December 15, will cut running time between the border and Guadalajara from 67 to 48 hours, will put six trains a week on the run in place of the present three.

Southern Pacific officials believe strongly in the soundness of trade conditions in Mexico. Large sums have already been spent to repair damage done in the recent revolution, including 180 burned bridges. Eventually the railroad expects to recover this money from the Mexican government. There is hope that the Mexican Congress will modify pending labor legislation which has made foreign capital apprehensive. Delay in the passage of the United States tariff bill indicates that this year's Mexican vegetable crop, at least, can be marketed without duty. These considerations, plus the belief that Mexico will soon attract many tourists, led Southern Pacific to adopt its program of increased service.

Production ► **Cut Cost on Stainless Process**

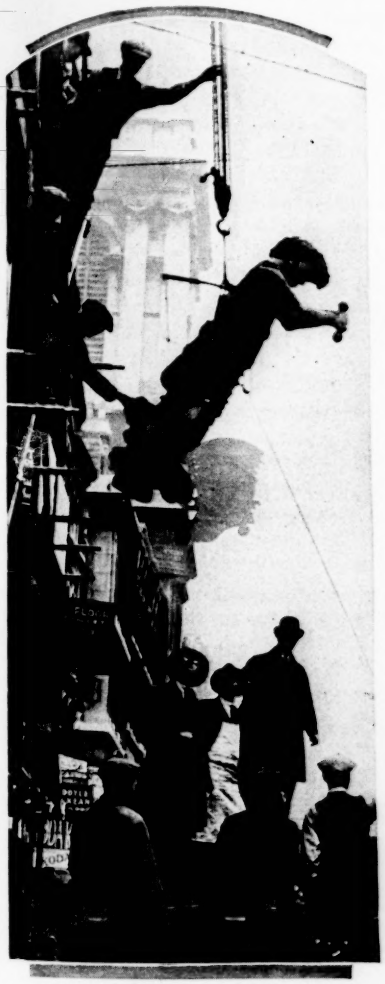
FRENCH developers of the Autodoublage process of calorizing iron and steel tubes are now using the Autochrome process of converting ordinary iron and steel into corrosion-resistant materials by the direct use of chrome ore. The new process is said to be much cheaper than those now used and controls the amount of carbon.

Chromium irons and steel made this way have thorough stainless properties and take a high polish. Penetration of the chromium is deep, going practically to the center of the object treated.

There is an enormous field of usefulness for chromium irons and steels in construction, in industry, in the home. They have been held back by their high cost. If the experimental results of the Autochrome process can be obtained in production, wide use should follow.

Finance ► Goverment Plans Small Reduction of Taxes

THE federal government this week tentatively promised temporary tax reduction, in an effort to encourage business and securities markets. Tentatively the total reduction was set at $160,000,000, after President Hoover had summoned Treasury and Federal Reserve officials to the White House and the latter had conferred with Congressional leaders. The reduction will be effective only on the current calendar year, with the future to be decided later.



Wide World photo

WHAT WILL FORD BUY NEXT?
Gog and Magog, landmarks of Cheapside, London, begin their journey to Detroit where they will adorn the entrance to the Ford factory

The contemplated reduction will be of 1% (from 12% to 11%) on corporation incomes, which will be about $100,000,000, and decreases in the rates on individuals, particularly those of the smallest income classes, to account for some $60,000,000. This will mark the fifth tax cut since 1920, and will be the smallest if made as planned. The bill will be speeded through Congress.

"The indications are that business profits, dividends, interests and wage payments in 1929 will considerably exceed those for 1928. Our estimates indicate that the government should close both the fiscal years 1930 and 1931 with a surplus," Mr. Mellon's Hoover-approved statement said.

The first effect of the statement was an immediate marked appreciation in stock prices, which had been sagging badly. Actual basic effect of the reduction, if made effective in the contemplated form, will not be phenomenal. Reductions in taxation are a distinct help, and business will profit thereby. The limited term of the reduction plus its smallness, however, will prevent any huge effect.

The federal budget for the current year is $3,941,000,000 which does not include Farm Board expenditures. Federal revenue last year totaled $4,033,000,000, and officials expect that with the larger earnings already accumulated, particularly of corporations, that total will be exceeded. Somewhat larger customs duties due to imports in anticipation of higher tariff will help also.

The federal government's course, reviewed, is somewhat puzzling. In repeated statements last summer President Hoover showed statistically how the costs of the federal government would increase over the next five years, especially because of the Farm Board, public works, post office deficit, and army and navy. A few weeks ago newspapers carried news of plans for a huge tax reduction, whereupon the Treasury officially stated that this was more of a hope than a fact.

Secretary Mellon, Herbert Hoover, while Secretary of Commerce, and the Reserve Board have feared the effect upon business of excessive speculation. The tax reduction is planned as an attempt to cushion business in the present recession, to prevent the recession of business from going much further, and to seek to retard the decline in securities prices. The gesture will help, but business will pick up more because of its own strength than for any other reason.

Finance ► A Back-kick In Employee Ownership

JUDGE WALTER H. ALFORD, Nash treasurer, believes aggressive selling of stock to employees is unwise. He believed it a month ago, too.

"We have never had a stock-selling plan," he remarks. "Not that I am opposed to stock ownership by employees. But to urge them to buy is dangerous. If the stock goes up, they deposit what they have already bought to margin additional purchases at increased prices. If it goes down, they blame the company for it. The kickback is serious.

"After what has happened in the last two weeks I predict that it will be some time before we see again in this country the wave of stock-selling to employees that we have been witnessing."

When Nash employees desire to buy stock they are advised to purchase it through local banks, with which the company is closely affiliated. A 50% down payment is required. And yet, during the recent crash, the company had to aid some fifty or sixty of its men who had disregarded this conservative advice and pledged stock.

Radio ► Industry's Production Three Times Sales

THERE is unrest, uncertainty, dismay, among the manufacturers of radio sets despite these facts: 1929 has been radio's biggest year with consumer sales to November 1 running 40% ahead of the same period last year; the winter bulge is a thing of the past and sales are now spread fairly evenly over all seasons; the public has come to regard radio as a semi-necessity.

Why, then, the manufacturers' dismay? Because last spring they expanded production programs and facilities far beyond normal expectations. The demand for sets this year appears to be about 5,000,000. In all, 70 leading manufacturers planned a production of 15,000,000 sets, just three times the demand.

Swift Survey of Business Abroad

By Special Cable to The Business Week

EUROPE—Business in European centers is returning to normal and there is little change in money markets. Stock markets are readjusting to the new situation in New York; conditions are easier. Seasonal budget bills before legislatures indicate general equilibrium in all government finances.

By Special Cable to The Business Week

Great Britain—Feeling is general that Soviet recognition cannot be enduring without satisfactory prior understanding on the question of propaganda. Inquiry into banking methods is expected to hasten intensive use of statistical information in lieu of the present too prevalent rule-of-thumb methods. Unemployment continues to be bugbear of Labor government.

By Special Cable to The Business Week

France—Politics still hold center of the stage. Tardieu program of prosperity, now under way, features Rhineland evacuation only after the Young Plan has become operative. Success of proposals for tax reductions and for large expenditures on public works from the present unwieldy budget surplus was unexpected. They have relieved tension in business circles, where the Tardieu government is expected to endure at least into the new year. Business is dubious over the agreement restoring treasury agents, and stresses the point that exploration of French enterprises facilitates American purchases. The treatment-of-foreigners conference favors collective versus bilateral agreement. America is unable to join profitably unless federal legislation supersedes present restrictive state laws on alien status.

U. S. Dept. of Commerce

Germany—Political uneasiness is depressing business, though choice of Curtius as Stresemann successor has created confidence in Europe. Problems of unemployment relief, short-term borrowing, and tax reform still unsettled. German cities place one-year embargo on new municipal borrowing. Industrial production is holding up despite 10% cut in production of international steel cartel.

U. S. Dept. of Commerce

Spain—Modern industrialisation continues at increasing speed. General Electrica Espanola, with capitalization of 10,000,000 pesetas, formed to exploit in Spain and Spanish colonies patents of International General Electric. With international technical assistance it will have exclusive sales rights of products for electrification of Spanish railways. Compania Transatlantica, subsidized shipping line, liquidated by government decree and bids are invited for shipping service. Compania Espanola de Petroleos formed with capitalization of 75,000,000 pesetas to acquire oil production rights in Venezuela. Construction of 200,000 metric-ton refining plant in free zone of Barcelona approved by council of ministers. Government is centering efforts in stabilizing exchange below par but above recent quotations. Automobile and cinema monopolies projected.

FAR EAST

World engineers inspect Japan's industrial progress, proceed to Manchuria, and plan to go to China. New markets for machines may result if intensive sales organization is extended to the Far East.

U. S. Dept. of Commerce

China—Shanghai markets are stagnant due to political situation. Intercoastal shipping has improved by release of 25 steamers commandeered for troops. North China trade is quiet. Yen's acceptance of vice-commandership and repudiation of statement attributed to Feng that he is cooperating in revolt hold out some hope of settlement. Manchurian import business steadily growing worse due to Sino-Russian deadlock. Crop yields estimated as normal and along eastern section of Chinese Eastern Railway are moving at rail capacity.

U. S. Dept. of Commerce

Japan—Government's tentative budget for 1930-31 contemplates expenditures of 1,608,000,000 and revenues of 1,576,000,000 yen, deficit to be made up from this year's balance. Second forecast of Korea's rice crop shows a drop of 1,536,000 bushels to 70,044,000 bushels.

U. S. Dept. of Commerce

Australia—Commonwealth government floats £10,000,000 5½% loan on local market at £98. Drastic action threatened by government if conference fails to settle coal deadlock. Amendment of Petroleum Act to permit unrestricted participation of foreign capital under consideration in Queensland. Government has asked British to suspend assisted emigration to Australia. Company formed with £300,000 capital for low temperature processing of coal.

LATIN AMERICA

Business centers its interests in Washington conference of Pan-American Union November 18 where recommendations will be made for removal of certain hindering customs regulations in 21 American republics.

U. S. Dept. of Commerce

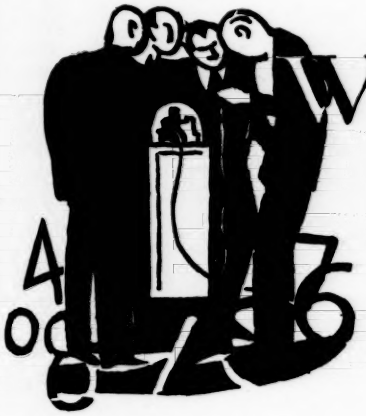
Mexico—Unemployment becoming serious due to curtailed operation of mining companies in state of Chihuahua and short cotton crop in Laguna district around Torreon. National elections on November 17 may terminate some of the present unrest.

U. S. Dept. of Commerce

Argentina—Business is dull with increasing number of failures due principally to depressed condition of quebracho industry. Crop conditions remain favorable.

U. S. Dept. of Commerce

Brazil—Government arranges credit in London as coffee market and milreis grow weaker. Bank of Brazil limiting sales of foreign bills to mercantile collections.



What the Figures Show

THE records of the latest week, down to the middle of November, all show continued recession in industrial activity and trade. Part of this is normal for the season but part unquestionably reflects the uncertainty and caution caused by continued weakness in the security market.

The steel ingot production rate for the industry as a whole is down to 73% of capacity as compared with 78% in the preceding week and 83% a year ago. The Steel Corporation is operating at 75% against 80% in the previous week and 80% last year. Independents are at 72% compared with 75% a week ago and 84% last year. These declines are in accordance with the usual seasonal trend and may be expected normally to continue to the end of the year. Unfilled orders of the Steel Corporation at the end of October showed an increase of 183,981 tons for the month, which is somewhat more than was anticipated, larger than took place at the same time last year, and about the same as in 1927. This leaves the unfilled tonnage—over 4,000,000—at a much higher figure than in October of the past three years, and is generally explained by the earlier and heavier volume of rail and railroad equipment orders. Structural steel business on the whole continues good and agricultural equipment demand is also fair.

General building contracts were at a considerably lower rate for the latest week than in the preceding week or last year. Heavy construction awards also declined for the week ending November 14, according to *Engineering News-Record* figures, and were far below a year ago. That building still has considerable strength, however, is indicated by the fact that structural steel tonnage contracts in New York City in October exceeded any previous month's total on record. This is explained by New York building interests as the result of a surprisingly rapid diversion of funds from the security market into construction, and is considered to be a good promise of sustained building activity in the future.

THE rate of bituminous coal production dropped sharply and for the first time in months is below last year's level.

The petroleum production rate was also cut sharply, but is still about that of last year. The reduction affected both Eastern and Western districts, but was chiefly in California. The present rate is the lowest since May.

PRICE weakness became pronounced throughout practically the whole list of staple commodities during the week. Wheat has lost nearly all its gains since July and is running only slightly above

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	73	78	83
Building Contracts (F. W. Dodge, daily average in thousands)	$14,275	$18,729	$16,693
Bituminous Coal (daily average, 1,000 tons)	1,845	1,903	1,857
Petroleum (daily average, 1,000 bbls.)	2,631	2,819	2,497
TRADE			
Car Loadings (daily average all classes, 1,000 cars)	179	189	184
Check Payments (outside N.Y. City, millions)	$ 7,658	$ 7,950	$ 5,804
Wheat Receipts (1,000 bushels)	7,075	8,720	12,268
Cotton Receipts (1,000 bales)	706	877	565
Cattle and Calves Receipts (1,000 head)	414	422	343
Hog Receipts (1,000 head)	469	575	465
Wool Receipts (1,000 lbs.)	2,331	2,323	4,827
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.18	$ 1.19	$ 1.10
Cotton (middling, New York, lb.)	$ .175	$ .182	$ .194
Iron and Steel (composite, ton)	$36.09	$36.09	$35.93
Copper (electrolytic, lb.)	$ .178	$ .178	$ .158
All Commodities (Fisher's index, 1926-100)	93.3	93.7	97.6
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$18,489	$18,934	$16,096
Commercial Loans, Federal Reserve member banks (millions)	$ 9,743	$ 9,755	$ 9,065
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 4,172	$ 4,882	$ 4,981
Federal Reserve System Ratio	69.5	69.8	67.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	22,516	43,500	22,033
Stock Prices (N.Y. Times, average 50 stocks)	$202.37	$217.83	$214.47
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$70,623	$80,388	$43,949
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.25	$ 93.01	$ 97.01
Interest Rates—Call Loans (daily average)	6%	6%	6⅜%
Interest Rates—Time Loans (daily average)	6%	6¼%	7%
Business Failures (Dun, number)	402	414	363

last year, but below the loaning prices fixed by the Farm Board. Cotton has lost sharply and is near the 17 cent level, almost 2 cents below last year's average price at this time. Wool, silk, rubber, zinc, tin and lead all suffered sharp declines during the week and in some cases reached low points for several years. Iron and steel prices are holding fairly well and copper remains unchanged. The Fisher all-commodity index dropped again and is about 5% below last year at this time.

TRADE indicators show general slackening. The daily average of total carloadings fell sharply below the preceding week and below last year. The decline now going on is seasonal, but at a somewhat more rapid rate than last year, although less so than in 1927. Less-than-carload-lot merchandise freight, however, is still running above a year ago.

Check payments outside New York City dropped off for the week but are still above last year by a considerable margin. Commercial loans also fell off for the week but are still running higher than a year ago.

The ratio of sales to production of standard cotton cloths during October was 78.5%, somewhat less favorable than in the past few months. Stocks increased 5.1% and unfilled orders decreased nearly 10%.

JUDGING by the General Motors report, automobiles sales in October did not fall off as much as might have been expected. Dealers' sales to users were 139,319 cars in October as against 140,883 last October. The decline from September was less than that a year ago.

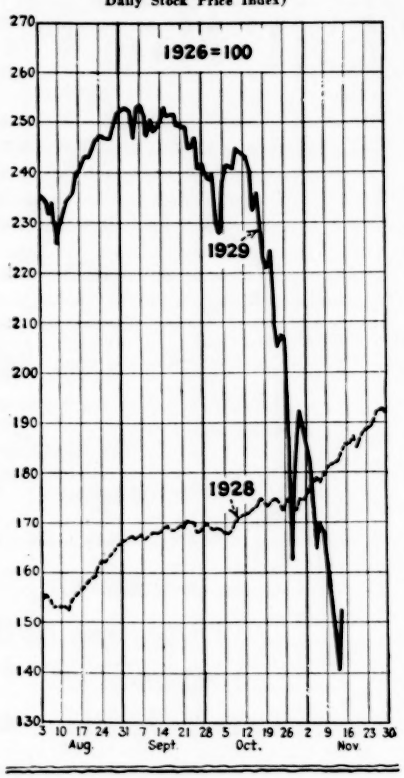
A striking sign of general strength in business is the increase of over 9% in the total volume of new insurance written in October as compared with October, 1928.

Money and the Market

THE stock market staged a sharp recovery the latter part of the week after losses that brought prices to levels of the summer of 1928 in the first three days. Continued declines in the market caused grave concern to officials and new fears of the effect on business. The result was a reduction in the Reserve rediscount rate to 4½%, promise of tax reduction by the Federal government and two distinct moves by the Stock Exchange itself to prevent further decline.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Pessimism was probably the chief cause for continued market liquidation the first of the week and there were few, if any, reassuring signs. While it is yet too early to venture positive predictions, the emergency action seems to have checked the precipitate market decline, although this does not mean resumption of a bull movement.

Emphatic action was taken by the Stock Exchange to stop the further spread of alarming rumors. Employees indulging in objectionable gossip faced immediate discharge. The rumor factory has included in its output stories so dire that many have been led to expect a major catastrophe. The Exchange also instituted an investigation of bear selling in an effort to curtail this activity. Normally legitimate, bear hammerings for a further decline in the present situation are looked upon with distinct unfriendliness. This type of emergency action has been taken but once before in the history of the Exchange.

The question of what is "sufficient notice" before selling out margin customers in a declining market came up this week in a law suit. The question has been a grave one, with the excellent facilities for communication prevailing. The last ruling was that the customer must have a "reasonable time" to put up more margin before being sold out.

Money became easier in the market this week. With the Reserve lowering the rediscount rate a period of markedly easier money is in view. Call money has been virtually pegged at 6%, but is likely to be lower with a lower rediscount rate. The rate on acceptances was again lowered in the week, with announcement of a record volume of these securities outstanding as of Oct. 31. Increased activity took place in commercial paper at slightly easier rates.

Brokers loans decreased by $710,000,000 to $4,172,000,000. This was the second largest reduction on record and makes a total decline of $2,462,000,000 in three weeks. The total of loans is the lowest since April 25, 1928. The decline covered all classes of lenders, New York banks decreasing their loans by the largest amount.

The Reserve system was rather inactive in the week. Its reserves showed a slight increase. Bills discounted declined slightly to total $971,355,000 and bill holdings were off fractionally to $229,512,000. Holdings of government securities showed a slight increase and the Reserve ratio dropped 0.3% to 69.5%.

More than $6,500,000 of gold was lost in the week through export and earmark. France is probably the chief taker, but owners of earmarked gold are not reported. Foreign exchanges tend to firm with the decreasing interest rates, and more gold may continue to go abroad, especially to France, which still is seeking the yellow metal.

Borrowings from the Federal Reserve by the New York banks declined sharply in the week, to $40,000,000 from $135,000,000. The total of credit extended by the city banks showed a decided decline.

Federal Reserve member bank credit outstanding showed a decided falling off in the week, of $358,000,000, to total $24,073,000,000. The chief decline was in loans on securities, and as these were paid off deposits also declined, demand accounts being $345,000,000 lower. The member banks are showing a marked tendency to replenish their investment holdings, following the long decline.

Foreign Trade Is Also Business

THE world is one big market in which everybody buys and sells. There is no nation and almost no part of the world's surface that hasn't a share in international trade.

It is a big business. In 1928 nearly $33,000,000,000 worth of goods passed between the 102 countries for which any figures are available and which account for at least 95% of all world trade. This is probably as large a business as is done within any single nation, excepting possibly the United States.

The curious thing is that this vast total of international trade tends normally to grow at about the same rate as the internal trade of most of the advanced nations, which is approximately 5% per year—except in war time. Wars disturb international trade more than they do the internal trade of nations.

THE World War was the greatest disturbance to world trade that history has ever seen. Not until 1925 did the total volume of world trade reach the pre-war level again, which was about $20,000,000,000, in terms of the pre-war dollar. Since 1925 the growth in world trade has come back to about the same rate as held before the war, an average annual increase of 5%. This is about as fundamental a sign of economic stability and normalcy as can be found.

The National Foreign Trade Council says that the restoration of the World to its pre-war rate of progress in foreign trade is largely due to the export trade development since 1925 of Germany, the United States and Canada. Within the past three years Germany has outstripped all other nations in the growth of her exports, showing an increase of almost 50%. The exports of the United States during this period have increased about 17%, and those of Canada about 18%. Thus, the rate of growth of American export trade now is slightly above the world average normal growth.

Since 1913 the three nations that have made the greatest progress in foreign trade are the United States, Canada and Japan, showing increases of 48%, 113% and 109%, respectively. In absolute figures, the volume of our foreign trade increased twice as much as that of Canada and three times as much as that of Japan, but the rate of growth for these two latter countries is more than twice as great as our own.

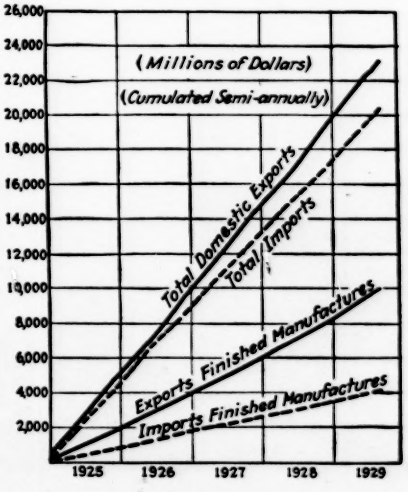
It is most encouraging to note that the twelve nations of western Europe last year reached a volume of export trade almost as great as that of 1913. Germany's trade was within 87% of the 1913 volume, Great Britain's 95% and Belgium's 86%. All the other nations of western Europe were doing more export trade than they did before the war.

OF all regions, Asia is making the most rapid progress in international trade compared with pre-war years. Although the Oriental nations exported $60,000,000 worth less in 1928 than in 1927 they still showed the largest increase in aggregate export trade since 1913—67%, compared with 50% for North America, 34% for South America, 36% for Australasia and 27% for Africa. In spite of revolutions and other diversions in China, that republic is fifth among the nations of the world both in its gain in exports since 1913 and its gain in the past year.

The one section of the world which lags behind its 1913 figures is eastern Europe, whose exports, for fifteen nations, amounted in 1928 to only 81% of their 1913 trade. The heaviest decline was in Soviet Russia, whose trade, if allowance is made for changes in territory, is about 60% of pre-war, Austria's 65% and Hungary's 70%.

UNITED STATES FOREIGN TRADE

(Bureau of Foreign and Domestic Commerce)



THE United States has the largest export trade of any nation in the world, but still falls behind the United Kingdom in the value of her imports. Because our trade was much less disturbed by the war than that of the leading European countries the share of this country in total world exports, which was 12.3% in 1913, increased to 16.6% in 1923. After 1923 United States' trade increased less than that of the rest of the world because many of the other countries were recovering from the destruction of their international commerce. Since 1925 there has been little change in the share of the United States in total world trade, which now amounts to about 15.6% of the total exports of the world.

THE first nine months of this year rolled up a record for both American exports and imports. The increases of 9% in exports and 10% in imports were the largest in any single year since the war.

This record has been achieved in spite of the pronounced decline in foreign borrowing in the American market during this year, owing to high money rates. Our trade this year has been more upon a quid pro quo basis than it has in the past. This is suggested by the tendency of imports to increase somewhat more rapidly than exports. The desire to anticipate a new tariff has had something to do with the higher rate of imports in recent months, but other conditions were as important. Imports tend to increase rapidly when business activity is very high. Besides, there has probably been some sign of increasing pressure upon our export balance as the effects of the creditor position of the United States have begun to show themselves.

International trade, though a delicate and difficult business, hedged about by all kinds of obstructions, has become a stable and steadily growing part of the world's economic life, and the share of the United States in it is likely to provide an equally stable and steadily growing element in American business.

Salvaging Business Shipwrecks

America at last begins to cut down the shocking waste of assets in bankruptcies —$750,000,000 a year

BANKRUPTCY totals for the year past kept pace with the record prosperity. THE BUSINESS WEEK has obtained from the Department of Justice figures which show that while creditors received a smaller return from the wreckage, the total of liabilities rose more than $50,000,000 over the previous twelve months.

During the fiscal year ending June 30, 1929, 57,039 bankruptcy cases dragged through the federal courts. That is 3,500 more than the year before. Total liabilities for 1929 were $883,605,665 against $830,788,000 for 1928. From this mountain of claims the 1929 creditors were paid $66,323,364. In 1928 some $66,692,000 were salvaged for creditors.

Subtract from the grand total of liabilities the anything-but-grand total of final payments and you get a loss of $817,283,000 for the year's business. Such elongated figures mean little unless you submit some yardstick for a comparison. Consider this: The yearly output of the American sugar industry is $738,000,000. Wipe it out entirely—from lollipops to waffle syrup—and the loss would be less than the yearly toll of bankruptcies.

OBSERVE that these are only cases which passed through federal courts. Failures handled by state courts and settled without court aid bring the liabilities to a good round billion, from which perhaps $80,000,000 were paid creditors.

Even when you disregard the estimates and stick to the merciless figures of the United States Attorney General, it is an Atlantic of red ink that confronts you. Business men have long thought that something ought to be done but no one knew just what. It was an annual and awful drain that had to be added to the price of goods and paid by the ultimate buyer.

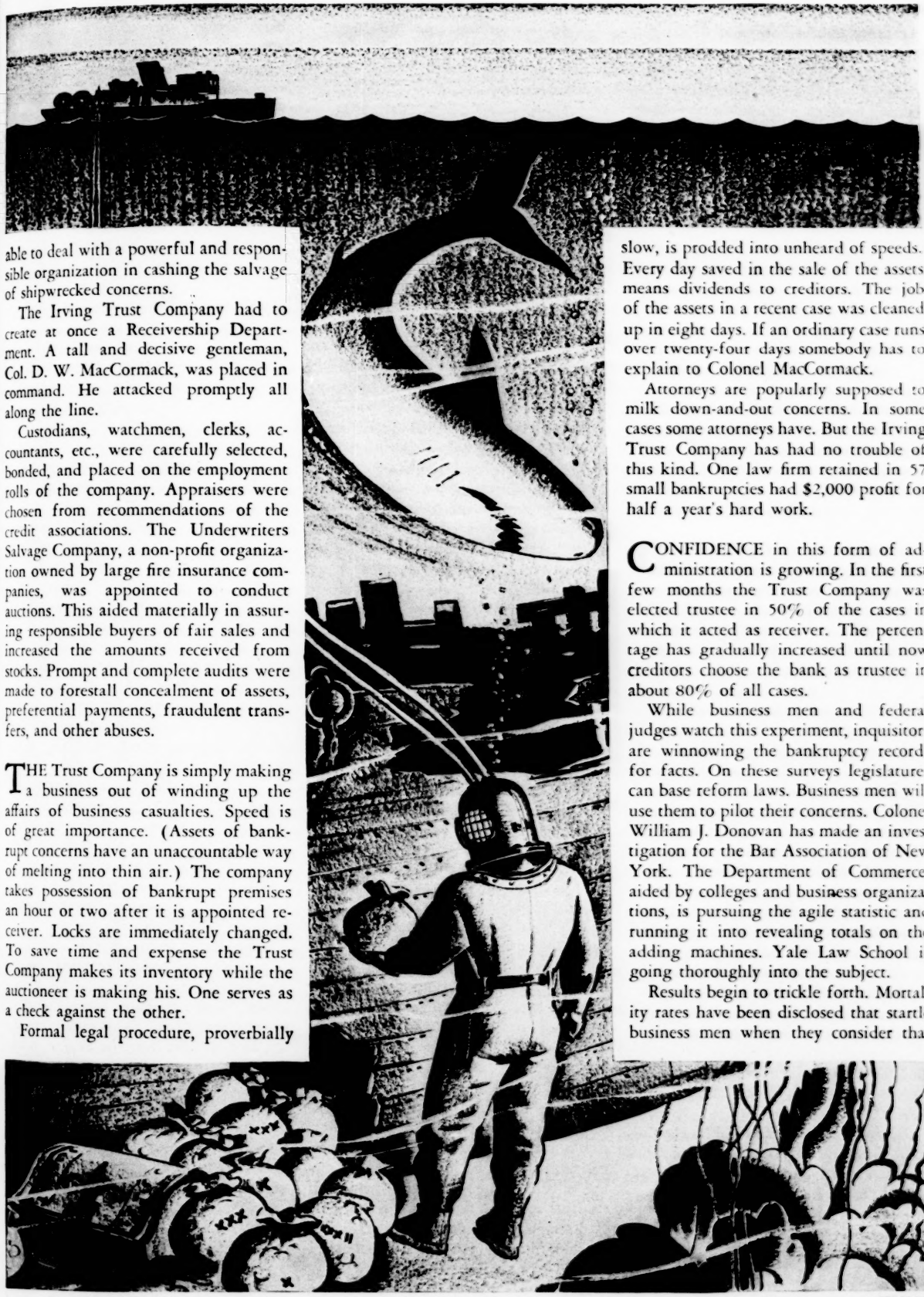
By tuning in on the reader's pocket book we can give him some idea of what it would mean if this vast loss could be saved and applied to federal taxes. Our annual undertaker's bill for dead business runs over $750,000,000. That amount would more than pay the interest on the public debt. Or it would pay the expenses of the Executive Branch of the national government. Or it would meet all bills for the War, Agriculture, Commerce, Justice, State, and Labor Departments, leaving a good many millions for such sundries as the District of Columbia and the Postal deficit.

The loss to American business through failures and bankruptcies is appalling unless you can regard it philosophically. Then you may call it the price of progress. It results from the elimination of the less fit under our system of open competition. An alternative would be the appointment of a dictator who would make bankruptcy illegal.

Though this slaughter of the inefficients may be necessary, it is possible to improve the salvaging of assets. Recent investigations by government and business reveal the colossal annual burden which healthy concerns have to shoulder.

THE federal government had begun to rouse itself to the need of treating this chronic ailment when violent convulsions in New York attracted the attention of the nation. On January 10 the six federal judges of New York district ordered an inquiry into bankruptcy abuses. Results were rapid and dramatic. David Steinhardt, an attorney accused of criminal irregularities, liquidated his troubles with a bottle of poison in a hotel bathroom. A court officer tried suicide but failed. Federal Judge Francis A. Winslow resigned from the bench under grave charges. Two prominent attorneys went to prison for embezzlement of bankrupts' funds. An auctioneer was removed from office and indicted for misappropriation. Odors arising from this mess were so powerful and penetrating that they nauseated the country.

Meanwhile the federal judges of the Southern New York District, backed by the bar associations, took vigorous action. The Irving Trust Company was, on January 16, selected to handle all receiverships in bankruptcy. No such step had ever been taken. It had an immediate and reassuring effect. Creditors were at last



able to deal with a powerful and responsible organization in cashing the salvage of shipwrecked concerns.

The Irving Trust Company had to create at once a Receivership Department. A tall and decisive gentleman, Col. D. W. MacCormack, was placed in command. He attacked promptly all along the line.

Custodians, watchmen, clerks, accountants, etc., were carefully selected, bonded, and placed on the employment rolls of the company. Appraisers were chosen from recommendations of the credit associations. The Underwriters Salvage Company, a non-profit organization owned by large fire insurance companies, was appointed to conduct auctions. This aided materially in assuring responsible buyers of fair sales and increased the amounts received from stocks. Prompt and complete audits were made to forestall concealment of assets, preferential payments, fraudulent transfers, and other abuses.

THE Trust Company is simply making a business out of winding up the affairs of business casualties. Speed is of great importance. (Assets of bankrupt concerns have an unaccountable way of melting into thin air.) The company takes possession of bankrupt premises an hour or two after it is appointed receiver. Locks are immediately changed. To save time and expense the Trust Company makes its inventory while the auctioneer is making his. One serves as a check against the other.

Formal legal procedure, proverbially slow, is prodded into unheard of speeds. Every day saved in the sale of the assets means dividends to creditors. The job of the assets in a recent case was cleaned up in eight days. If an ordinary case runs over twenty-four days somebody has to explain to Colonel MacCormack.

Attorneys are popularly supposed to milk down-and-out concerns. In some cases some attorneys have. But the Irving Trust Company has had no trouble of this kind. One law firm retained in 57 small bankruptcies had $2,000 profit for half a year's hard work.

CONFIDENCE in this form of administration is growing. In the first few months the Trust Company was elected trustee in 50% of the cases in which it acted as receiver. The percentage has gradually increased until now creditors choose the bank as trustee in about 80% of all cases.

While business men and federal judges watch this experiment, inquisitors are winnowing the bankruptcy records for facts. On these surveys legislatures can base reform laws. Business men will use them to pilot their concerns. Colonel William J. Donovan has made an investigation for the Bar Association of New York. The Department of Commerce, aided by colleges and business organizations, is pursuing the agile statistic and running it into revealing totals on the adding machines. Yale Law School is going thoroughly into the subject.

Results begin to trickle forth. Mortality rates have been disclosed that startle business men when they consider that

Wooldridge

these are figures for years of fat prosperity. A study of grocery stores in Louisville, Ky., conducted by the Department of Commerce with the assistance of business and university organizations, has been vibrating through the entire business fabric. It was estimated that in Louisville 30 groceries go out of business *every month*. Undaunted, 32 new ones open to take their places. Slack credit by wholesalers and chain competition were among the causes. In a western city over 50% of the restaurants "went bust" or changed hands every twelve months.

THERE is no hope for intelligent general deductions from such local surveys. (Conditions in the Louisville grocery trade differ entirely from those in Philadelphia.) But investigations now in progress will furnish truths of general importance. A survey of 2,000 bankrupts including stores and business of all kinds is under way in Newark, N. J. Watch for its conclusion.

Independent agencies have gone into the causes. Here is Bradstreet's summary of reasons for failures in 1928: Total 20,373. Fraud on the part of the debtor explained 544 of these. Incompetence was responsible for 6,396, lack of capital for 7,290. Floods, hurricanes, disasters, etc., killed off 3,613. The remainder, 2,530, were attributed to inexperience, unwise extension of credit, neglect, and competition. (Where fraud was involved it usually was the result and not the cause of the insolvent condition.)

There are lawyers who charge that sensationalism over-accents present bankruptcy evils. There are some who would even let you think things can be left as they are. If these are lawyers who get their living from the fees and the by-products of bankruptcy procedure, they are merely human in taking this stand. A man who manufactures brick will encourage the use of his product.

IN 1928 it cost in fees and adjustment expenses $21,512,000 to distribute $66,692,000 to creditors. In these expenses attorneys' fees amounted to $7,680,000.

Below is an example cited by the *Cornell Law Quarterly*. The bankrupt's assets realized $1,786.99; creditors received $823.00. Some expense items:

Receiver's bond	$ 10.00
Notaries' fees	47.41
Receiver's commission	82.72
Attorney for receiver	100.00
Receiver's expenses	61.19
Trustee's bond	5.00
Trustee's commission	33.62
Trustee's expenses	17.75
Attorney for bankrupt	50.00
Attorney for petitioning creditors	50.00
Referee's fees and expenses	39.95
Attorney for trustee	25.00
Trustee's commission	34.11
Trustee's expenses	13.00
Referee's commission	31.56
Total	$601.31

In such fees, commissions, expenses, etc., the estate paid $601.31 while the creditors got $823.00. This case was honestly and efficiently handled, yet total expenses of administration ate 42.8% of the amount realized from the assets. The fault lies in the system of handling such cases. Surely it can be improved. The original Federal Act was passed in 1898. In an involuntary action three creditors can, by petition, throw a firm into bankruptcy. The judge appoints a receiver who has control of all assets while the case is pending. Creditors elect a trustee to displace the receiver. This trustee liquidates the concern under the supervision of a referee who is an official of the Court.

AT times rings have dragged down and enriched themselves on weakened companies. An unscrupulous attorney discovers a concern that has over-reached itself and got into deep water. He induces the creditors to throw it into bankruptcy "before all is lost." If possible, he gets himself appointed receiver and gains complete control by inducing the creditors to elect him trustee. The racket consists in keeping control of the bankrupt's assets, charging fees at every turn, manipulating the auction so that an associate buys in the stock for a fraction of its worth.

When roads become devious and rocky, people take shortcuts through the fields. That is what business men have done. More and more settlements are being made through friendly adjustments. Creditors' committees working through local adjustment bureaus on the approved lists of the National Association of Credit Men take over many defunct concerns and liquidate their assets without the aid of courts or costly interference of lawyers. Where it is possible to keep a business in operation, these committees will take charge of the company and put it back on its feet or realize much greater returns when it is finally closed. If the future is hopeless creditors urge assignment of assets to the committee which closes its affairs as quickly as possible.

Here is a comparison of costs (from the *Cornell Law Quarterly*) between bankruptcies settled in the courts and cases settled by credit bureaus. The averages are taken from 1,284 cases handled by bureaus against 17,927 handled in the federal courts. They tell a plain and startling story:

	Percentage, Dividend of General Creditors to Liabilities	*Percentage, Cost Administration to Amount Realized*	*Percentage, Dividend of General Creditors to Amt. Realized*
Assignment	27.45	13.85	73.42
Bankruptcy	5.80	24.26	43.32

This plan requires the cooperation of the debtor. He must agree to turn over his assets to those having claim against him and voluntarily make assignment. If he balks, the adjustment bureau will recommend handling through bankruptcy proceedings in the court. While the case is in the mill the bureau can still be of great assistance by representing creditors and guarding against irregularities.

These bureaus (there are seventy in the country) apply business methods to a business problem. To many, lack of this is the trouble with all legal handling of bankrupts.

"Bankruptcy should be a business rather than a legal system," says Professor William O. Douglas of the Yale Law School, one of the keenest investigators of the subject. "The problems are primarily business problems. Legal details are secondary. A man is insolvent and unable to pay his debts. The problem is to gather his assets, sell them, distribute the proceeds equitably and expeditiously among his creditors and give him a new lease on life by granting him a discharge.

"What this needs is a business technique. Unfortunately, Congress has devised a legal one—a legal one with attendant officialdom. Referees, receivers, trustees, auctioneers, marshals, custodians, appraisers—three of the latter—with a goodly number of lawyers thrown in to see that it remains legal."

And that is from a lawyer.

The final discharge Professor Douglas mentions is not universal. The United States follows England in thus washing a man clean of his debts and encouraging him to start over. In France during the Revolution the National Convention decreed that a man could never free himself of a just debt except by paying it. That principle still holds good in French bankruptcy laws.

It is to be hoped that the clinics studying the problem may discover a cure. Ancients were as much troubled by it as we are. The word "bankrupt" comes from the Latin—*bancus*, a counter or table, the *ruptus*, broken. Under Roman law the creditors could, as a last resort, cut the debtor's body in pieces and share it in proportion to their claims.

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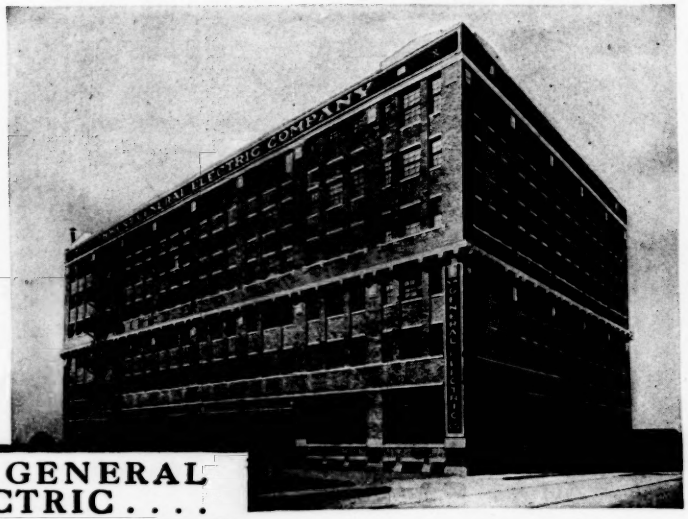

S. W. GENERAL ELECTRIC . . . .

WHY DID 1,936 CONCERNS CHOOSE DALLAS?

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MR. AVERAGE INCOME TAXPAYER will be a good contact for Mr. Average Business Man. That statistical artist, Uncle Sam, has just painted a good picture of him.

Look at him. His net income is $5,496 and he resides either in the District of Columbia, New York state or California. He pays Uncle Sam $202 a year, being taxed at the rate of 3.68% on his income. His actual tax burden is becoming a little heavier year by year.

Friend wife has equal knowledge of his income with him. (Important note for salesmen.) He files his income tax return jointly with her. The predominant part of his income is from his wage or salary. But a rapidly increasing portion is coming from dividends from stocks he owns and from profits on security and real estate transactions.

He is employed in a service industry. That includes the professions, hotels, amusements, etc., but excludes financial activities. Or he may possibly be employed in trade, that being the second occupation of importance.

The rapid rise of income from investments is one of the most remarkable happenings in recent years. In 1921, 59.21% of the income reported to Uncle Sam for taxation purposes by Mr. Average Taxpayer came from his wage or salary. For 1927, the year just reported, this percentage had dropped to 38.98%.

The total income from dividends, profits from security transactions, interest payments and real estate profits in 1921 accounted for 10.23% of the income. That percentage has grown to 27.47% in 1927. Dividends from domestic corporations form the most important part of this total, rising from 7.05% of the income in 1921 to 16.24% in 1927.

One half of the total individual income reported to Uncle Sam is in just four states—New York, Illinois, Pennsylvania and California. In New York alone 23.95% of the total of $22,500,000,000 of income reported in 1927 was present. Illinois showed 9.28%, Pennsylvania 9.27% and California 7.02%.

But in the District of Columbia 7.33% of the people have sufficiently large incomes that they must report them to Uncle Sam for taxation purposes. No state equals that record. California is second, with 7.12%; New York third with 6.17%. South Carolina is lowest with 0.78%.

J. M. Mitchell

Brains-
Our Biggest Export to Russia

What this "Americanization of the Soviets" means—jobs under way and who is doing them

BEHIND the Russian door, closed to so many, American engineers, technicians, and business executives are doing a job the whole truth of which is stranger and more stirring than all of the fiction that has been written about the land of the Soviets.

Some of it has been told: that Russia has enlisted American brains in its startling campaign of economic rejuvenation; that an American architect is drawing the plans for this new factory on the Volga; that an American engineer is building that new power plant on the Dnieper; that both, fired by the tremendous projects sketched in by the Soviets, are working for the glory of achievement as much as for the gold that the Soviet Union so promptly pays or the orders for supplies that it sends back to friends in America — a total that amounted to $109,000,000 this year.

There has been talk of the more than thirty technical-aid contracts which the Russian government has signed with American engineering and manufacturing firms. Under these contracts, companies in the front rank of American industry are furnishing plans, patterns and formulas to Soviet industrial organizations and factories; are sending their own experts to lay out plants, build them, set up machinery and carry on manufacturing.

This however is the first occasion on which the projects in which Americans are engaged in Russia have been set forth in so complete a form, showing them to cover practically every major branch of industry.

PERHAPS the most spectacular job is that called for by the contract with the Austin Company of Cleveland for an automobile plant at Nizhni Novgorod to be completed not later than the fall of 1931. Costing approximately $40,000,000, this plant will have an annual production capacity of 120,000 cars and trucks of Ford A and AA models. Technical aid will be furnished by the Ford Motor Company for a period of nine years during and after completion of the Nizhni plant. The Ford contract provides for the purchase in the meantime of $30,000,000 of cars and parts. Arthur J. Brandt, of Detroit, is under contract to reorganize the AMO truck plant at Moscow for a capacity of 25,000 2½-ton trucks. The Hercules Motor Company is providing the motors for the Yaroslavl truck plant.

To supply the power needed to energize present and projected industrial plants, the Hugh L. Cooper Company, New York, is engaged on a hydroelectric project long contemplated by the czarist régime. Mr. Cooper and his associates designed and are superintending the construction of an 800,000 h.p. plant at the rapids of Dnieper River near Dnieperpetrovsk. Cost in round numbers $150,000,000.

Complete mechanization of the Soviet coal mining industry is in the hands of Stuart, James & Cooke, New York; Allen & Garcia, Chicago; and Roberts & Schaefer, Chicago. These contracts call for the establishment of new mines and modernization of the Donets mines. The Freyn Engineering Company, Chicago, is working on two contracts for expanding the steel industry in southern Russia and the Ural Mountains. Fifteen American engineers have been sent over to work with the Soviet state planning board in constructing eighteen new foundries and rolling mills and re-equipping 40 existing plants at a cost of $1,000,000,000.

A contract with the Frank D. Chase Company, Cleveland, for supervising reorganization of one foundry has now been extended to cover others, particularly in the Stalingrad tractor plant, to be designed and erected under the supervision of Albert Kahn, Inc., Detroit, at a cost of $4,000,000. The Ford Motor Company is consultant on this project.

CONTRACTS with the International General Electric Company and the Radio Corporation cover patent rights and involve purchase of a considerable amount of electrical machinery and equipment. The first order received by the Radio Corporation totaled $1,000,000. The Sperry Gyroscope Company, Brooklyn, has been called in for advice on low-tension electrical engineering. Construction of a sewing machine fac-

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS MORE THAN $285,000,000

tory in Moscow is in the hands of the Taft Pierce Company, Detroit. Engineers of the McCormick Company, Pittsburgh, have supervised the construction of a large mechanical bakery in Moscow and are planning others. Orders for $2,000,000 of oil refining equipment have been placed with the Foster Wheeler Corporation, New York, which will superintend its installation.

Longacre Engineering & Construction Company, New York, are supervising a municipal housing construction program totalling $5,000,000 each year for five years. The Mechanical Manufacturing Company and Blom & Kamroth, Chicago, have contracts for planning and equipping modern meat packing plants at several central distributing points. The Soviets recently purchased in their entirety the plants of the Dueber-Hampden Watch Company and the Ansonia Clock Company. This equipment now is being tested prior to its transfer to Russia where it will be set up in the same form.

REORGANIZATION and reconstruction of Soviet textile mills by Lockwood Greene Company, New York, is one of the biggest projects which American engineers in Russia have undertaken.

Henry D. Gibbs, chemical engineer of Washington, D. C., has been engaged to organize production of chemicals used in the aniline dye industry. Parke, Davis & Company, Detroit, have been retained as consultants in developing pharmaceutical chemical and drug production. E. B. Badger & Sons, Boston, have been called in on chemical engineering work. Construction of cement mills and installation of equipment is in the hands of the MacDonald Engineering Company, Boston. A contract with the C. F. Seabrook Company, New York, covers road building in Moscow province.

Arthur E. Wheeler and two other American engineers have been retained for technical assistance in developing the production of copper and other nonferrous metals. An American engineer is at work in the Putilov plants in Leningrad. These plants produce locomotives, cars, tractors and machinery and employ more labor than any other industrial establishment in Russia. The Graver Corporation, East Chicago, Ind., is coaching the Soviets on petroleum production and refining methods. American experts are shaping the Soviet program for exploitation of timber resources and the establishment of pulp and paper mills.

The Nitrogen Engineering Company, New York, is working under a ten-year contract for the design, construction and preliminary operation of

a synthetic ammonia plant to cost $10,000,000. A contract with E. I. Dupont de Nemours & Company provides for the utilization of their process in ammonia production. M. L. Wilson, of Montana State College, and a representative of the Caterpillar Tractor Company have been retained to manage the state grain farms established to increase to 6,000,000 acres the area planted to grain.

Arthur P. Davis, former chief of the U. S. Reclamation Service, and his associates are under a two-year contract to lay out an irrigation system in Turkestan for the cultivation of cotton on an extensive scale. Franklin Harris, president of Brigham Young University, Utah, J. B. Davidson, Iowa State College and Benjamin Brown, North Carolina University, are engaged in agricultural extension. Supported by funds contributed by American Jews, similar work is being carried on in Siberia, on the farms of 10,000 Jewish families removed by the Soviet from European Russia.

The majority of the technical-aid contracts described were made during the Soviet fiscal year ended September 30, 1929. To them may be traced directly and indirectly the year's increase in our exports to Russia. Orders for industrial and electrical equipment doubled, reaching a total of nearly $30,000,000. Purchases of equipment for the petroleum industry amounted to $9,600,000 and for steel mills and the machine tool industry, $5,500,000. Equipment for the construction of power plants totaled $3,600,000. Orders for agricultural equipment, principally tractors, totaled $30,000,000 and automotive equipment, $8,000,000. All these are by-products of this new export trade in American brains.

"IN furthering the rehabilitation of Russian industry, American engineers may well be accused of a shortsightedness and lack of patriotism that will eventually enrich Russia and may deprive the United States of a valuable export market," says *Engineering and Mining Journal*. "Every major industry in Russia is being remodeled. The United States, through its technicians, is providing the Soviet authorities with methods and machines that will be adopted and copied in the work of revolutionizing production and trade in that country, insuring not only independence from foreign sources of supply, but hastening the day when Russia, by reason of vast national resources and abundant labor, will be able to compete successfully in world markets."

The Dividend Value of better seating for workers

Systematic study will reveal a vast loss due to preventable fatigue among the staff in nearly every industrial activity. This loss may take the form of lowered "production" or a lowering of quality, mistakes, or other evidences of lowered morale.

It is in the enterprise of removing this preventable fatigue that the Fritz-Cross Company engineers are engaged. Workers in offices and plants *can* be aided to retain "that morning freshness" *all day*.

In Eff & C Chairs (individually adjusted without tools), the seated worker is rightly poised and physically and mentally free. He is equipped to do his best work for the longest-sustained periods and without fatigue.

In the operation of office appliances and machines in factory plants, Eff & C Chairs scientifically furnish a type of seating that furthers ease and dexterity of movement, speed, and certainty. Better work and more work becomes easy to accomplish.

The company wishes to place its literature on this subject in the hands of all executives. They will also send one of the Eff & C Chairs for inspection and test, without obligation.

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The Eff & C Chair

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Again—a new package wins a larger market

How a new type of package, produced by machinery at decidedly lower cost, enabled the Campfire Corporation to greatly enlarge its market

THE Campfire Corporation wanted "a package of marshmallows that could be sold at a popular price, yet with the assurance that the contents would reach the ultimate consumer in a fresh condition." Here is the package that met the requirements—*and with marked success.*

The marshmallows are packed in two sizes—a one-pound or "family package" and a five-ounce package. The package is printed in gay attractive colors, and is similar in appearance to the former metal containers, thereby losing none of the good-will already created. To protect the freshness of the product, moisture-proof board is used for the container, with an inner lining of waxed paper, and an outer wrapper of glassine. The package gives definite assurance to the buyer that the contents are fresh.

The Campfire Corporation, realizing the importance of this new selling aid, broadcast its introduction, not only to the trade, but also to the public, in magazine advertising.

In your efforts to widen your market, it may pay you to give consideration to your package. And in doing so, feel free to call upon us for any information or assistance. Get in touch with our nearest office.

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Over 150 Million Packages per day are wrapped on our Machines

The Automotive Industry in 1930

Motor car makers will keep eyes on net profits, not on volume, next year

THE future of the automobile industry is not all sunny, but not quite so black as it has been painted. The forecast is, "Fair, but cooler."

Profitable operation for 1930 (and beyond) seems to depend largely upon whether manufacturers can sensibly curtail production to relieve a flooded market, whether they can solve the dealer problem and co-operate more fairly with the men who link them to the ultimate buyer, and whether they can continue expanding sales in the foreign field. If these problems are met, increased unit profits and greater total earnings appear probable for most of the manufacturing companies.

During the remainder of this year and the early part of 1930, production and sales of trucks and passenger cars unquestionably will be lower than the record levels of recent months. This curtailment of production will adversely affect suppliers of parts and accessories. Makers of valves, piston rings, bearings, and other engine parts, however, will find compensation through the trend toward eight-cylinder engines. Increasing the number of cylinders per car from four or six to eight will compensate these parts makers for a considerable decrease in number of vehicles produced. Makers of other parts may not fare so well.

IT does not necessarily follow that smaller production will result in smaller profits. This year's output has been much above normal, and the cost of selling the additional cars has been so great that profits have not increased along with production. The industry probably could curtail output 10% to 25% below that of 1929, and show better net profits. It is unlikely that production will fall to a greater extent than this because of the basic market, which remains largely independent of current conditions.

The chief factor is the constantly growing replacement field. This year between 2,500,000 and 3,000,000 automobiles will be junked. Since there are few exceptions to the rule that once a car owner always a car owner, each machine disappearing at the bottom of the line requires a new one to replace it at the top.

Another factor is the export trade, which is growing steadily. This year it will approximate 1,000,000 vehicles. Truck exports are increasing much faster than those of passenger cars. Many manufacturers believe that the foreign market has scarcely been scratched, and that further expansion seems assured, although only a few expect a continued expansion at the rate of the past few years.

In recent years, too, "two-car" families have multiplied. With small, low-priced cars of fine appearance and performance available, an ever-increasing number of persons who can and do own larger cars purchase small cars for errands, shopping, station-wagon service. No accurate estimate can be made of the number of these buyers. Walter Chrysler has said that new car buyers in this class in 1928 numbered 1,300,000. Their number may naturally be expected to increase, although some dealers and manufacturers fear that the growth of this market may be temporarily checked by the stock market crash. Certainly some families will hesitate over adding expense.

IT is difficult to tell what effect the expected curtailment of production may have upon parts and accessory businesses. As we have seen, makers of engine parts should not suffer. In recent years, also, vehicle makers have been buying increasingly larger shares of parts from specialized manufacturing concerns. For example, no car manufacturer now makes his own carburetor. Frames, axles, clutches, gearsets, steering gears, electrical equipment, springs and shackles, fuel feeds, lubricators, are also bought outside. Even Ford buys more completed parts than ever before. This trend may continue.

Despite the expected sharp curtailment of production during the late months of the year, 1929 output will be 40% higher than in 1928, the previous record year. However, all makers have not shared equally in the increase; some have suffered losses. Ford has been the chief cause of the increase. Eliminating his production, the 1929 output will be only 10% higher than 1928. Production of cars selling for more than $1,000 has shown practically no gain. Low-priced

Smaller production is forecast. • Curtailed production will solve numerous troubles—may even increase net profits by lessening sales costs. • Increased effort will be made to push export sales. • The replacement market now is a great stabilizing force. "Two-car" families multiply. • Trend toward more cylinders will help many parts manufacturers. • Dealer relations are still a sore spot. Dealers will have to bear the brunt of deflation.

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cars such as Ford, Chevrolet, and Plymouth absorb almost the entire 10% increase. A few makes, including Buick, Chrysler, Dodge, Durant, Hupmobile, Jordan, and Studebaker, have had somewhat lower production schedules than last year. Congestion of stocks, however, appears to be as great in high-priced cars as in low, indicating that the latter are making inroads into the potential markets of the higher-priced machines. The stock market crash may cause these inroads to continue, for a time at least.

AN important disturbing factor in the situation is the psychological attitude of the manufacturers. Many are still filled with the Crusader spirit, which deludes them into believing that all sales obstacles can be surmounted; that the industry can continue to expand its market at will; that each producer can always obtain still larger proportions of total sales by adding pressure to his sales efforts. When these delusions of grandeur are dispelled, and the industry settles down to work on the basis of facts rather than hopes and theories, it will probably prosper in the future as it has in the past.

The dealer situation is a sore spot which must be healed if true prosperity is to result. A strong, satisfied, profit-making dealer organization is essential to the success of any automobile concern. Although only an agent of the manufacturer, the dealer (see THE BUSINESS WEEK, Oct. 19, page 8) has almost nothing to say about policies but can be, and usually is, dictated to by his factory. Many factories, unfortunately, see little beyond their own noses. They are interested in getting sales today—this month—this year; they forget that other years follow; they attempt to drive their dealers instead of leading them. Old stuff; it doesn't work any more.

AN illuminating indication of the present state of dealers was made in a survey conducted a short time ago by the National Automobile Dealers Association. The accounts of 100 member-dealers were selected at random and analyzed. Only 17 of the 100 made money during the year studied. Nearly all the 83 dealers who showed a net loss on the year's operations had made money on new car sales. They had sunk these profits plus part of their capital into unprofitable used car transactions. There is no evidence that a similar survey made today would show greatly improved conditions.

In fact, the popularity of new cars in price classes which compete with high grade used cars; the tremendous sales efforts made this year in an attempt to undo the damage caused by over-optimistic production schedules have tended to make dealers' lot even harder this year than ever before.

For example, the recent Ford cut. Ford gets credit for the reduction but actually his dealers contribute most. Coincident with the price cut, Ford dealer discounts were reduced from 20% to 17½%. On the Ford Tudor sedan, for example, there is a price reduction of $25. Under the new discount rates Ford Motor Company assumes $7.50 of the cut while the remainder is taken from the dealer's profit.

Dealers must bear the brunt of the stock market crash. Most manufacturers had already curtailed production in preparation for new models or in anticipation of the usual seasonal decline. Dealers have unusually large stocks of both new and used cars. They must be sold before newer models appear, under conditions when luxury sales are difficult.

A LARGE part of dealer troubles results from high pressure selling tactics of manufacturers. Forcing more cars upon dealers than can be sold without resort to thinly camouflaged price cuts is the basic cause of the used car problem. With all their difficulties one wonders how any money can be made in selling cars. It is significant that dealer trade-papers are emphasizing the desirability of operating repair and service shops in connection with sales rooms. Profits lost in selling cars can be regained in servicing them.

An important factor in high pressure selling methods is the annual model custom. With rare exceptions new models are unjustifiable on any grounds save sales appeal. Engineering developments do not culminate once a year. Mechanical improvements of real value come at rare intervals. The chief alteration which can be made is in the appearance of the new model. Here automobile manufacturers have dug a pit for themselves into which they frequently fall.

The emotional appeal of appearance can not be predetermined. Despite the most skilled design, laboratory tests, proving ground comparisons and all the other adjuncts of modern scientific business, none knows how the public will like a new model. The first few weeks after their latest offering is made are anxious ones for the factory management which awaits the verdict of the final judge from whose decision there is no appeal.

The fickleness of the public works both ways. It plunges concerns into

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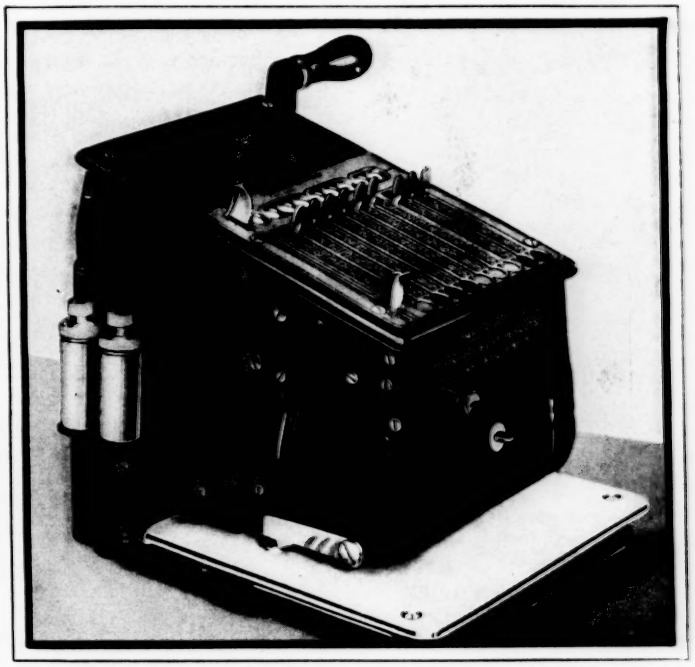

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TODD representatives appraise old check-writers fairly because Todd Protectographs are priced fairly. An extravagant allowance for your old check-writer could be possible only if the new machine had an inflated price and an excessive selling margin. The most important thing to you is not what you are allowed for your old check-writer . . . but how much actual value you get in the new one, for the dollars you invest. Before you buy any check-writer, safeguard your investment by comparing its performance and reputation with those of a Todd Protectograph.

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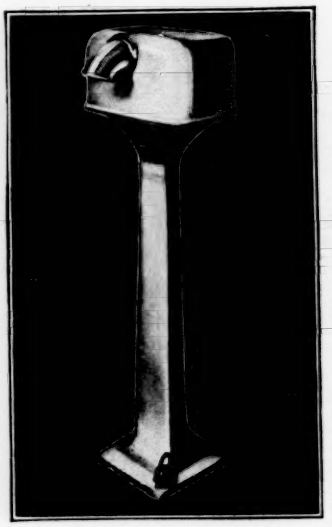

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the depths of unprofitable operation; it lifts them to unknown earning heights. The new model is a yearly gamble which all except Ford and a few other manufacturers make each year in the cause of bigger and better sales. Even Ford is now rumored to have adopted a biennial model change policy.

Buick, with an excellent mechanical job, last year had a body which lacked popular appeal. For the first time Buick failed to gain first place in dollar volume of sales among members of the National Automobile Chamber of Commerce. This year, with a more appealing body design but with only minor mechanical changes, Buick sales are much better.

For years Hupp turned out a fine car but one with no strong popular appeal. A few years ago a new model caught the public fancy and Hupmobile sales doubled almost overnight.

The dealer is the essential disturbing element in the automotive situation. His condition must be improved and generally this requires definite action by the factory. Despite model changes, engineering trends and all other influencing factors, the factory which has a happy and contented dealer organization is likely to be making maximum possible profits. The sooner more factory managements realize this and take steps to improve the present unsatisfactory conditions the quicker will the industry return to a sound foundation for the future progress which thereby will be assured.

▼

British Trucks and Buses Stress Safety and Quiet

EXHIBITS at the Ninth International Commercial Motor Transport Exhibition held recently at the Olympia in London show clearly how motor transport developments are changing Britain's transportation system.

Forty-one British makers displayed luxurious motor coaches, omnibuses, and heavy trucks—striking evidence of the great inroads motor vehicles are making on railway traffic in England. As in the United States, great attention is being paid to brake design and noise reduction. Nearly all the heavy, high-powered, multi-wheeled, pneumatic-tired machines are equipped with such efficient brake mechanism that a huge coach traveling at 50 miles an hour can stop with the ease of a touring car. Rubber-lined spring anchorage is used to reduce noise. The latest type of bus in England is a marvel of comfort and beauty.

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Shall We Pension or Pay Our Veterans of Peace?

TEN states* and Alaska and three Canadian provinces now have old-age laws. Delaware is making feudal history in the twentieth century by having its needy old people temporarily pensioned, "pending legislation," by one of its wealthy citizens, Alfred I. DuPont. Old-age pension legislation was proposed in 28 states last year. What has started it all?

For one thing, Civil War pensions are running out. Since 1920 their total has dropped sharply. Twenty-five years ago the national pension list of soldiers and their widows took care of so large a portion of the indigent aged that hit-or-miss charity could deal with most of the balance and for the final residue there was always the poorhouse.

Now the load is being shifted. The old people of today have fallen between wars: they were too late for the Civil War and too old to fight in the World War; the Spanish War did not enlist enough of them to count as a substantial factor. What has been carried as a national burden is thus being turned back to the states.

Moreover, modern industry retires people earlier. There is a definite tendency to lower the maximum employment age in face of the demands of modern high-speed machine production methods. This has led not only to appeals to industry—as in Pennsylvania, by the State Department of Labor—to find jobs for the new superannuated workers, but also to increased demand for state pensions. As things are going, if industry cannot suggest or provide a solution for the problem itself, state pension plans will spread.

THE increasing pressure has been felt by industry. Company plans now cover from 4,000,000 to 4,500,000 persons; that is, industry will pay pensions to some of them if they carry on to old age in their present employment, provided the companies are kind enough or able to keep up their plans. Actually, there are probably less than 100,000 persons, all told, now receiving payments under formal industrial pension programs. Pensions are paid by the nation to about 500,000 ex-soldiers and their widows. Government, state, and municipal pensions (teachers, policemen, firemen, clerks) supply incomes to less than 60,000 ex-public service employees. But there are more than 5,000,000 persons in the country over 65 years old. Of those not in almshouses, or receiving pensions, or being taken care of by other public or organized private charity, perhaps 40% either have sufficient income to be independent or can earn enough to live. The rest must be taken care of.

The problem thus involves the support of millions of persons. Sane public administration demands an orderly program. State pension plans are costly. They represent a definite concession from the American point of view of "everyone for himself" to the more radical formula for the distribution of wealth, "to everyone according to his needs,"—an organized plan to take from those that have and give to those that have not.

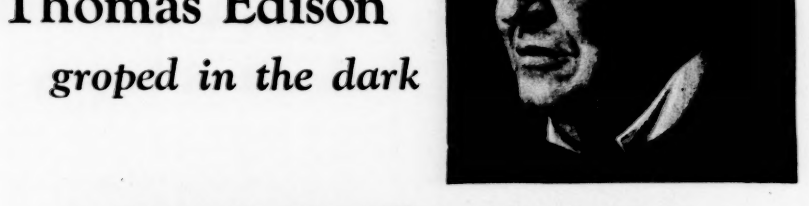
The concession, however, is not as radical as this might sound because state pension proponents desire merely to organize what we now do anyway. The existing state pension schemes are merely organized poor relief. Where governmental means have not been provided, people have organized charitable institutions. The pensioning of Delaware's old people is an illustration of an individual stepping into a breach that the government has failed to close. No one would suggest not caring for the old people—the only question is how it shall be done.

John Fulton

SO far, we in this country have "muddled through" by using many kinds of plans —soldiers' and other government pensions, almshouses, "out" relief, industrial pensions, organized charity, informal parish assistance and social pressure on relatives to assume individual burdens. Orderly-minded persons want to simplify the entire problem into one grand scheme—define "need" mathematically as an income of less than $300 a year, arrange to pay $1 a day to everyone over 70 who can satisfy the definition, appoint administrators to do the job, and forget it. They point to the following facts:

*California, Colorado, Kentucky, Maryland, Minnesota, Montana, Nevada, Utah, Wisconsin, Wyoming.

When Thomas Edison *groped in the dark*



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Carlyle once said, "If time is precious, no book that will not improve by repeated readings deserves to be read at all." Time nowadays is more precious than ever before. We can not, like the young Edison, attack the countless shelves of public libraries. Probably none of us possesses the persistency and patience which guided his early reading. We must have only the really great literature, the books that make us think straight, talk clearly and increase both our power to succeed and our enjoyment of life.

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1. The high percentage of aged persons without income.
2. The worthy character of a majority of such persons. (There are many causes of reaching an old age without income besides lack of thrift.)
3. The pitiful and uncongenial conditions in many almshouses where so many persons must end their days.
4. The high cost to society of inefficient methods of handling the problem.
5. China, India and the United States are said to be the only important nations which do not have national old-age pension laws.
6. The trend of current thought is toward pension laws.
7. Social responsibility for the care of the aged is inescapable.

One obvious and sound way of meeting the general problem is to extend the principle of workmen's compensation, or compulsory state insurance, to superannuation, preferably on a contributory basis. This would distribute the risk on an actuarial basis, and share the burden betwen the employers and workers who are still active.

BUT any such blanket scheme could not ignore many special aspects of the problem. Old age itself is not the reason why people become incapable of earning their livelihood—it is merely the time when one or more of many different causes become operative. An analysis of almshouse inmates in Massachusetts revealed the fact that pensions would not free over 10% of them. The other 90% would still have to have institutional care. It is a mistake to think that a state pension system would relieve society from any material part of the cost of maintaining the institutions or of providing the relief now called for.

Moreover, industry is discovering that its company pensions do not leave its old people happy. Unless the old man must stop work because he is sick, mentally or physically, he always prefers to have an occupation. Pension scheme or no, it is always kinder to find it for him. Furthermore, industry is beginning to discover new kinds of work for its elders. It has long used them for watchmen, elevator men and gate tenders. Now the oil industry is finding out that gasoline service station work, not always active enough to attract young men, is better—and more courteously—done by the old ones. One entire chain is gradually turning most of its gas stations over to old men. Industry's

At a touch of his hand *these brakes grip a hundred wheels*

A train speeds toward a station. Two million pounds—an avalanche of steel—in full momentum! The engineman touches a lever. Instantly, simultaneously, brakes begin to grip a hundred wheels or more. Quickly and easily, as if smothered with cushions, the train stops.

A FEW years ago the automobile industry was thrown into a furore by the invention and general adoption of the 4-wheel brake.

But almost three score years ago the Pennsylvania Railroad adopted the air brake—which makes it possible to grip a hundred wheels or more simultaneously.

The basic principle was multiple brake control on every wheel of every car. This was operated from the engine cab through the medium of compressed air circulating through the entire train.

When the principle was applied, the pulse of traffic quickened at once, because the beat was stronger. Speed could be controlled, therefore it could be utilized. It was found that a track could handle many times more traffic than ever before, more trains, heavier trains, faster trains. It was as if a narrow path had suddenly become a broad highway.

With new resources of speed at their command railroad engineers began their work of revolutionizing freight and passenger service, with results beyond their most sanguine hope. A new door opened to agriculture: perishable produce could be shipped to market thousands of miles away.

Last year there came to the New York Metropolitan District on the Pennsylvania Railroad fresh fruits and vegetables that would fill a freight train as long as the distance across the continent—and the average haul was 1500 miles! Public health, no less than agriculture, profited from the invention.

Industry, too, sprang forward, sure of rapid transit and of economical national distribution. Huge reservoirs of capital, released from the necessity of financing goods in slow transit, poured into productive enterprise. It is almost impossible to picture an America today denied the service of the air brake over even a small part of the last sixty years.

As in the case of many another contribution to transportation technique, the Pennsylvania was first of all railroads to adopt the Westinghouse Air Brake.

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Photo above by Paul Hesse

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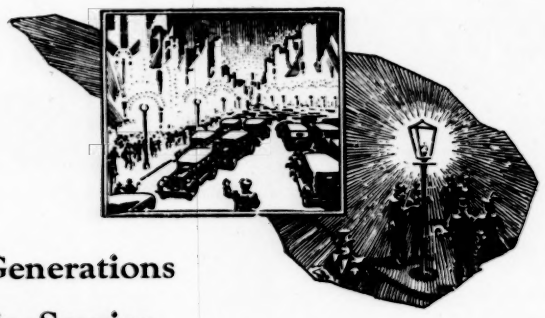

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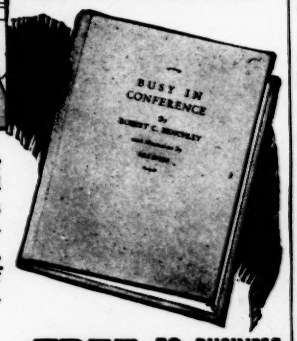

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BRANCHES OR AGENCIES IN PRINCIPAL CITIES

retired veterans become small retailers in many other lines also.

Those who cannot do something useful can be classed in certain definite categories, each needing some specific type of care over and above their need for income. The vaunted uniformity of a pension system which would make for administrative simplicity would also make for rigid and inflexible treatment of an exceedingly complex list of needs. Even the largest practical pension would be inadequate for many such needs. The more helpful—certainly the more flexible solution—of the problem might be to turn the appropriations proposed for pensions to the maintenance of hospitals for incurables—badly needed in almost all states; to the improvement of homes for the aged, to the development of better machinery for "out" relief.

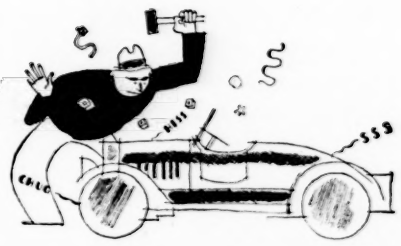
Figures On Mine Union Shrinkage

FIGURES indicating the waning strength of the United Mine Workers of America in the bituminous coal industry have been issued by the Illinois district of the organization, now battling the parent body on charges of mismanagement.

They state that since 1920, the number of dues-paying members of the union has dropped: In Illinois from 86,000 to 53,000; in Indiana, from 27,000 to 10,000; in Kentucky, from 18,000 to 15; in West Virginia, from 43,000 to 77; in Pennsylvania, from 71,000 to 1,000; in Maryland, from 3,000 to 0; in Ohio, from 42,000 to 1,000.

Mining of coal in Illinois is conducted under a wage agreement made by the operators and the union late in 1928. That contract was signed by the state officials and approved, if not enthusiastically endorsed, by the international union. Both factions in the present dispute have assured the Illinois operators they will stand by the agreement. For the time being, operators are saved the embarrassment—and danger—of taking sides in the factional fight.

On the surface there is nothing to disturb coal mine industrial relations and Illinois has begun to regain some of the ground lost during the lean years of the Jacksonville agreement of 1924. Should the state vacate its injunction which has, so far, kept John A. Lewis from revoking the charter of the state union, the situation might not be so cheerful. Operators might be compelled to free themselves from a position between two fires.



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The Farm Board Shows its Teeth

Its recent bold moves show it is grimly determined to control the marketing of grain

THE Farm Board is determined to succeed in its plans for setting up a co-operative monopoly in the marketing of grain.

As matters now stand it will probably win its fight against the Co-operative Farmers' Northwest Grain Corporation, an organization backed by the grain commission houses, which set out some weeks ago to challenge the Farmers' National Grain Marketing Corporation in this field, as described in THE BUSINESS WEEK (October 26, page 5). Correspondents of THE BUSINESS WEEK in the Northwest report that, although the supporters of the insurgent marketing corporation are still belligerent, the Farm Board is rapidly bringing its competitor to terms, and all conflict will probably be removed in a short time.

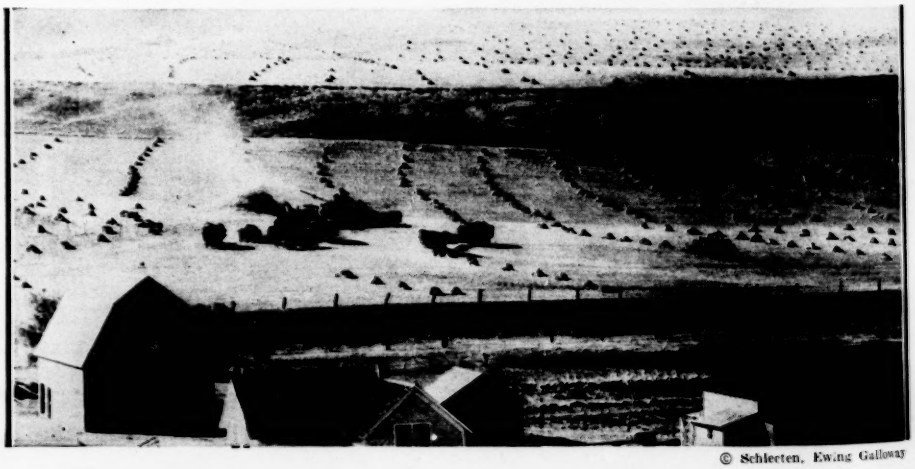
This will leave the National Grain Corporation, sponsored by the Farm Board, in practical control of the marketing of grain in central markets. The plans upon which this monopoly will rest are far-reaching and important. They not only imply a nation-wide stimulation of local co-operative organization and the focusing of these in the national corporation, but definite price fixing and other marketing policies. These are still in process of development, but they have gone far enough to indicate that the Farm Board's program may revolutionize the business of growing and marketing grain in this country.

Under the plan, co-operative farmers' associations, which will be gradually forced to enter the national marketing scheme, will handle the grain from the farm through the country elevators and turn it over to the national agency in the terminal markets. In the Northwest, the Minnesota wheat growers at Minneapolis, the North Dakota wheat growers at Grand Forks, the South Dakota wheat growers representing the larger wheat pools as well as the Farmers' Union Terminal Association of St. Paul, are expected to enter the national corporation and to turn over all terminal selling activities to it. The newly organized Farmers' Northwest Grain Corporation has not an established grain marketing agency in the terminal markets. If it sets up one in competition with the Farm Board corporation it will not be able to get Farm Board money.

This competitor organization was intended to include the farmers' elevators associations of Minnesota, North Dakota, South Dakota and Montana, but the Farm Grain Dealers' Association of North Dakota (a farmer elevator group) has backed out of the Northwest Corporation. Since North Dakota production equals approximately the total of Minnesota, South Dakota and Montana combined, the Northwest Corporation would be greatly handicapped in trying to compete with the Farm Board corporation. The new Northwest organization tried to capture the selling agency in Minneapolis for the National Grain Corporation, but Mr. Legge has defeated this move. Farm Board corporation sales agencies are expected soon to be established in Minneapolis and Duluth.

When the National Grain Corporation starts functioning it plans to increase farmers' income through the "processing" of grain and through the policy of fixed lending prices which the Farm Board has already announced. The processing of grain means the mixing of various grades of wheat into a combination of a quality desired by millers. This has been done in the past largely by private grain firms or elevators.

The National Corporation will be able to offer the millers and exporters wheat of excellent milling quality. It hopes to offer wheat for sale on such a basis rather than on purely technical grading schedules such as now are used. The chairman of the Minnesota Railroad and Warehouse commission some time ago charged that the wheat from the United States was neglected by European buyers because they wished to make purchases on the basis of milling quality, color and



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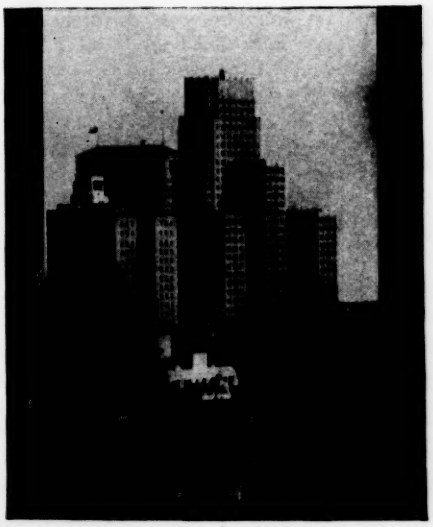

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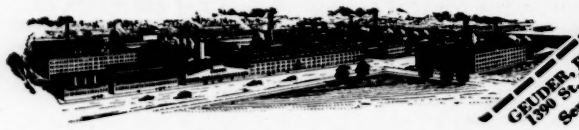

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appearance of the grain. There are about 100 grades of wheat under the United States grain grading rules and buying by grades has confused the importer who is not interested in and does not understand them. Any profits that may accrue from the processing of wheat in this way will come back to the farmers through the grain co-operatives instead of to private firms in the grain business.

The fixed lending price policy announced by the Farm Board as described in THE BUSINESS WEEK (November 2, page 5), is likely to be helpful to the farmer this season, as things are going, even though the Farm Board may have to use a lot of money for the purpose. The price for No. 1 Northern has been fixed at $1.25 a bushel at Minnesota and for No. 1 Durum at $1.12 at Duluth. No. 1 Northern sold as low as $1.22¾ in Minneapolis November 8, which is the price that an independent farmer would receive. At Duluth No. 1 Durum sold on November 8 as low as $1.08⅜, which is all the independent farmer not a member of the system could have gotten. As a member of a recognized co-operative working under the national scheme each farmer could have borrowed $1.25 on No. 1 Northern and $1.12 on No. 1 Durum. He could hold the wheat for a more favorable market and be able to get any higher price that might turn up. Should prices fall much farther below these fixed levels the Farm Board would have to find a way to meet the loss.

In approving the grain marketing plan of a $1,000,000 North Pacific Grain Growers' Co-operative Association embracing Washington, Oregon, Idaho and western Montana, the Farm Board last week indicated clearly the general plan upon which it hopes to organize the grain growers of the country. This new association, which is to be built up out of local associations who own the stock, is held up by the Farm Board as a model set-up. Through the development of such local and regional organizations the Farm Board evidently counts on being able to force individual farmers into its system.

The Farm Board is here face to face with the crux of the agricultural problem. Price stabilization or control cannot be achieved without some kind of monopoly of agricultural marketing facilities. If the peaceful compulsion which the Farm Board is now beginning to exercise to force farmers into co-operative organizations is not effective, the inevitable next step will be legal compulsion through the licensing and regulation of such marketing facilities as public utilities.

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RETIREMENT INCOME PLAN.
Income to start at age
Name
Business Address
Home Address
Your date of Birth
Date of Birth of Beneficiary

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Wide Reading

DEVELOPMENT OF THE GERMAN WATERWAYS. G. Bie Ravndal. *Commerce Reports*, November 4. Possibilities of cheap shipment by water; pertinent for comparison with Mississippi development plans.

AUTOMOTIVE PRODUCTION. *S. A. E. Journal*, November. Special production meeting issue with sections on Design and Research, Production, Transportation and Aeronautic Engineering.

WHAT IS MODERNISM? Louis Leonard. *American Architect*, November. New architectural forms dominated by new structural materials.

SANTA FE SPENDS LIBERALLY FOR ITS SUPPLY HANDLING. *Railway Age*, November 2. New equipment that handles nine-tenths of all material with power machines.

SOME OF THE PITFALLS AND RIDGES OF EXPORTING. Howard S. Hadden. *Printers' Ink*, November 7. Sales units abroad differ from those in the American market. Incidents from experience.

FOOD MARKETING PROBLEMS. *Food Industries*, November. Special issue featuring new marketing plans and problems.

MODERN ARGOSIES ON THE OHIO. Edmund L. Daley. *Review of Reviews*, November. New ports, new shipping tonnage, new prospects in the Middle West.

THE BROADWAY REAL ESTATE RACKET. Howard Barnes. *Theatre*, November. New times demand a new business relation between theatre-owners and producers. Syndicates and chains, and modern financing.

MAKING THE AIRPORT PAY FOR ITSELF. J. E. Bullard and Avery E. Lord. *Aviation*, November 9. Airport economics and conditions affecting airport design in the future.

AMERICAN PLANTS AND FORD WAGES ABROAD. *Industrial Digest*, November. Summary opinions of diverse interests at home and abroad.

HOW MUCH LIFE INSURANCE? Roland G. E. Ullman. *Review of Reviews*, November. A charted buying plan rather than the haphazard "being sold"; in harmony with new theories of insurance.

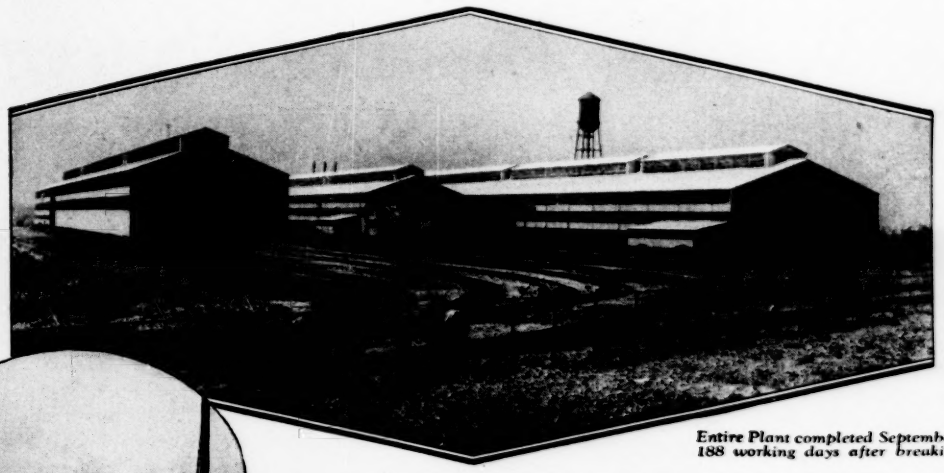
BOOKS

THE ART OF RAPID READING. Walter B. Pitkin. McGraw-Hill, 232 pp., $2.50. For the people who want to read for better results. Tested, practical, helpful.

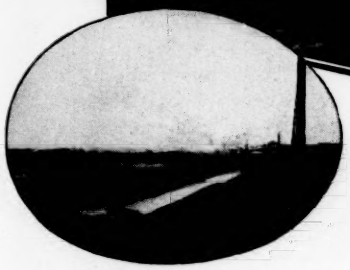
SMALL TOWNS. Walter Burr. Macmillan, 267 pp., $2.50. Definite suggestions for increasing business in rural areas; changing outlook in small urban communities.

THE SHOPPING BOOK. William H. Baldwin. Macmillan, 301 pp., $2.50. A brave attempt to guide the woman shopper past the snares of national and local advertising.

OUR BUSINESS CIVILIZATION. James Truslow Adams. A. & C. Boni, 306 pp., $3. An estimate of certain aspects of modern American life, destined to arouse controversy.



Entire Plant completed September 19, 1929
188 working days after breaking ground



Ground Broken for Construction
February 14, 1929

Pullman Shops

at Bessemer

Built in 188 working days

Complete freight car plant with Sixteen Buildings containing 418,000 square feet of space constructed in record time.

THE new plant at Bessemer, Alabama, for the Pullman Car & Manufacturing Corporation is just being placed in operation. In a short time 25 freight and refrigerator cars will be built every day in the interests of serving the railroads of the south.

In January the site—with depressed tracks and pits, old coke ovens and slag dumps—was occupied by the old blast furnaces of the Tennessee Coal, Iron and Railroad Company.

On February 14th "ground" was broken for construction, and on September 19th construction work was completed—188 working days after the first excavation.

In view of the character of the site—158,000 yards of grading being required—and the extended nature of the operations—the whole site is 100 acres and one of the shop buildings is nearly 1,500 feet long—188 working days is considered an unusually creditable speed performance.

We executed both design and construction, carrying along the construction as the plans were developed. The work was done in full cooperation with and under the direction of the organization of the Pullman Car & Manufacturing Corporation, Mr. C. A. Liddle, President; Mr. W. N. Oehm, Manager of Works; Mr. F. O. Reemer, Southern Representative.

We offer to railroad and industrial companies the experience of specialists in the design and construction of shops; passenger, locomotive and freight terminals; power plants; factories; office and monumental buildings.

Important Facts about Pullman Shops

The plant contains three main groups of buildings as follows:

1. Steel Shop Group with a Steel Fabricating & Erecting Shop 102 ft. by 1,464 ft., a Machine, Forge, Wheel & Truck Shop, 90 ft. by 600 ft. and various small buildings.
2. Wood Shop Group with Lumber Storage Shed, Canopy, Work Shops, etc.
3. Paint Shop Group with Paint Shop and Mixing Bldg.

There are also several office and auxiliary buildings.

The buildings contain 418,000 sq. ft. of floor area.

1,000 men were employed.
3,800 tons of steel were used.
175,000 sq. ft. of sash.
580,000 sq. ft. of siding and roofing.
8 miles of track.

188 working days required for construction.

The average service with United Engineers & Constructors, Inc., of the Construction Superintendent and his principal assistants on the work exceeds 10 years.

UNITED ENGINEERS & CONSTRUCTORS

INCORPORATED

DWIGHT P. ROBINSON, PRESIDENT

PHILADELPHIA · NEW YORK · NEWARK · CHICAGO
LOS ANGELES · BUENOS AIRES · RIO DE JANEIRO · MONTREAL

MAXIMUM RETURN TO CLIENTS PER DOLLAR INVESTED

The Week's Business Speeches

RUDOLPH S. HECHT, president, Hibernia Bank and Trust Company of New Orleans:

"Good banking is not a matter of size. A properly conducted small country bank can be as safe as a large city institution with many branches. Success in the banking field depends on good management, whether the unit be large or small. It cannot be denied that larger institutions can and usually do employ more capable men with greater experience and sounder judgment than can the average small unit bank. They also have on the whole better facilities for standardizing their business, keeping themselves properly informed, and thus escaping many losses resulting from actual operations as well as poor credits.

"However, we have reached a point in our profession where most of the deficiencies of the small town bankers can be supplied, not necessarily by making any fundamental changes in our banking system or by giving up any of the unit bankers' independence, but merely by bringing about a better spirit of cooperation and mutual helpfulness."

Analysis will show that the proper sort of investment trust has stood the acid test of the market decline.—Former Attorney General Albert Ottinger, New York.

IRWIN S. CHANIN, New York building tycoon, back from Europe:

"While Europe is the motherland in the development of the so-called modernistic tendencies in design, it is my own opinion that America is rationalizing these ideas and is making them fit into the scheme of things more successfully than Europe. I did not see any modernistic interiors or furniture that approached either in beauty or usefulness that which is becoming fairly common in New York."

RALPH ABERCROMBIE, manager retail sales, Cheney Brothers, à propos of the future of art in industry: *"The most expensive lesson in art in history was taken by one of the leading automobile manufacturers recently."*

YOSUKE MATSUOKA, former director of the South Manchuria Railway, to Institute of Pacific Relations:

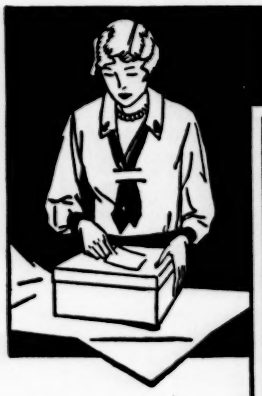
"If Japan had known of the secret treaty which Li Hung-chang, Chinese military leader, made with Russia before the Russo-Japanese War of 1904, treating Japan as their common enemy, Japan would have annexed Manchuria outright after that war and there would have been no Manchurian question today."

The greatest problem of civilization today is to accomplish a proper balance between employment and leisure. Study the sources of radical thought today and you will find them for the most part in the discontented houses of leisure and the leaky tents of the unemployed.—John E. Edgerton, president, National Association of Manufacturers.

ALEXANDER WALL to American Institute of Steel Construction, meeting at Biloxi:

"If we have mass production and mass selling we should at the same time have just as definite a mass knowledge of trade typicals if we are to understand what is going on. If we discover that it is usual in a particular industry for the sales to run to an amount six times the inventory and we find a single unit in that industry whose sales are only four times its inventory, we can be pretty sure that something is out of line in the processes of that single company, in connection with its inventory. It is carrying more merchandise on its books, per dollar of sale, than are its competitors, and it is an expensive matter to carry merchandise in greater quantity than is economically necessary because of the carrying charges."

No "red tape" in lost-parcel adjustments



SIMPLY slip a North America Coupon in each Parcel Post package and you assure prompt adjustment in event of loss through theft, damage, or destruction. Costs only a few pennies . . . saves time and vexatious delays.

Any North America Agent can explain this inexpensive and dependable protection, or send the attached coupon for full information.

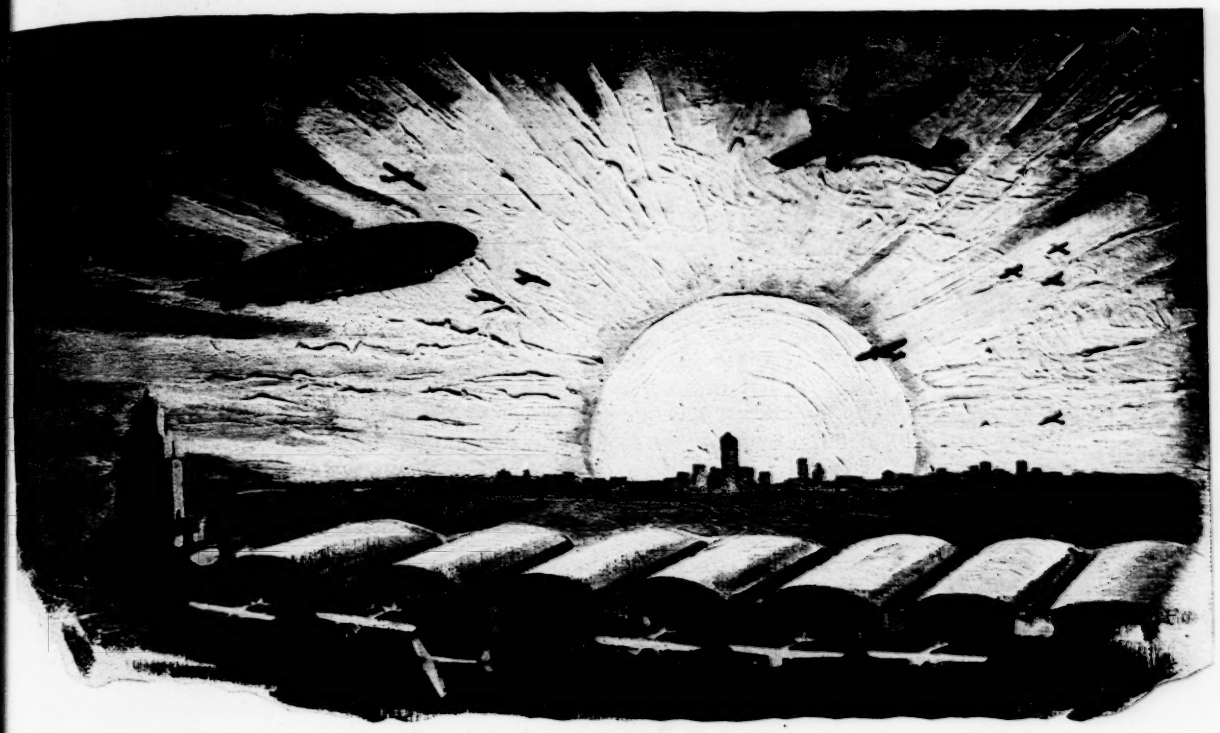
North America Agents are listed in the Insurance Section of classified telephone directories under "INSURANCE COMPANY of NORTH AMERICA."

the North America way

"The Oldest American Fire and Marine Insurance Company"
Founded 1792

Insurance Company of North America
Sixteenth Street at the Parkway
Philadelphia, Pa., Dept. MB-11-20

Name .....
Street .....
City ..... State .....
Wants information on Parcel Post Insurance



Concentration of the aircraft industry here assures constant, adequate supply of expert labor.

25 Aviation Schools now training over 2500 students.

Building Costs are low.

Hydro-electric power, natural gas and fuel oil, and abundant water... all at low cost.

Southern California climate makes living conditions ideal and all labor more efficient.

355 DAYS *of* SUNSHINE

The Aircraft Industry of America is centering in Los Angeles County because flying conditions and other important factors here offer unquestionable advantages which are not afforded elsewhere.

U. S. Weather Bureau Reports (50-year record) show an average of 355 days in the year when the sun shines here. Every authority knows the significance of this to the success of the aviation industry.

Meteorological surveys show many other similar natural advantages... greater visibility, minimum wind prevalence and velocity, freedom from electrical storms, absence of snow, infrequency of rain, year 'round equable climate, no extremes of heat or cold.

More than 50 airports and landing fields here now...terminus for 18 air transport lines including 4 transcontinentals.

Air-Minded LOS ANGELES COUNTY

Detailed information regarding aviation industry opportunities in Los Angeles County may be had, without obligation, upon request to Industrial Department, Los Angeles Chamber of Commerce.

It would cost

A King's Ransom

To hire these Seven Men to advise YOU in YOUR business

Banking

HENRY BRUERE
1st Vice-Pres., The Bowery Savings Bank, N. Y. Formerly, Financial Advisor to Mexico.

Business Law

WM. H. SPENCER
Dean, School of Commerce and Administration, The University of Chicago.

Advertising

ALBERT E. HAASE
Managing Director, Sec.-Treas., Assn. of National Advertisers.

Investment

JOHN MOODY
President, Moody's Investors Service and Author "Masters of Capital."

Transportation

WILLIAM Z. RIPLEY
Prof. of Political Economy, Harvard. Member Bd. of Directors, Chicago, Rock Island and Pacific Railway.

Publishing

FRED'K M. FEIKER
Managing Director, Associated Business Papers. Formerly, Assistant to Secy. of Commerce Hoover.

Management

HARLOW S. PERSON
Managing Director, The Taylor Society to Promote the Science of Management.

YET all seven stand ready to advise you free of charge once you join the new book club for business men—Business Libraries Incorporated. , , ,

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TREND and TEMPO

By Robert R. Updegraff

NO item published in this modest department of THE BUSINESS WEEK since its inception has come in for more comment than a brief paragraph in the very first issue on the need for a special course in graduate business schools on "Production Geography." One enthusiast writes, "Your editorial has greatly agitated my mind and I am hopeful that it may be possible for me to help you pioneer in the subject you have suggested."

I did not aim to launch a production geography crusade, but I have no objection to "starting something." All progress begins with an idea.

▼

THE travel industry promises us a new vacation thrill. According to an announcement last week of the Panama-Pacific Line in conjunction with Transcontinental Air Transport, we may next summer take a combination air-rail-water vacation and in two weeks cover 9,000 miles and visit two foreign countries, all on one ticket and for a lump sum.

This is the type of trip that will appeal to a great many venturesome vacationists, bored with the old programs. It crowds a month into two weeks. It is a new "bag of tricks" in summer travel.

▼

THE problem that is worrying a great many bankers and financial men just now is: After the headache of the recent wild orgy of speculation has passed, will the investing public return to the safe but less spectacular forms of investments—bonds and mortgages?

Some think they will; others believe they will not. I wonder if there is not another answer: I wonder if, to make the old forms of securities attractive, they will not have to be refurbished and perhaps even re-named. There may easily be new forms of bonds, and mortgages with new features, and I seriously question whether we can hope to interest the public in these more prosaic forms of investment unless we do add to them something to give them an appeal to the popular imagination.

▼

AT dinner last Friday evening in his private dining-room atop the Roxy Theatre, "Roxy" told me that he could feel the effect of the Wall Street situation in the theatre.

"It is curious," he said, "but this week and last the audience has wanted to be entertained, but it hasn't wanted to be made to laugh."

To be able to sense so intangible a reaction is a matter of genius. It is simple enough, once the idea has been given expression, to realize its obviousness; but to sense it before the public is conscious of its own mood, and build a program in anticipation, is quite another matter.

▼

"OUR great problem in industry in America today," says James C. Spillman, "is making our men as good as our merchandise."

If this be true it is indeed a curious situation!

▼

IN Joseph Wood Krutch's recent book, "The Modern Temper," I ran across this curious observation: "Words which are spelled with a capital letter [he is writing of Humanism] are peculiarly dangerous to thought. One commonly uses them to designate a complex of ideas which has never been adequately analyzed, and their meaning varies from age to age as well as from person to person."

Isn't it true?

▼

THIS is a time when the quality most needed in a business man is that described by Henry Adams when he wrote, "Roosevelt more than any other man living within the range of notoriety showed the singular primitive quality that belongs to ultimate matter—the quality that mediæval theology assigned to God—he was *pure act*."

BUT WHAT IF YOUR TRADE IS *RIGHT*

and your *Price* too high, your *Delivery* too slow?

THE business press is filled with well written, intelligent articles designed to help salesmen whose trade comes back with the time-worn answer "Your price is too high."

But nothing can help the salesman when the trade is right,—except prices in line with competition.

There is another serious "buyer's defense"—"Your deliveries are too slow." And there is no answer to that except to put the goods within easy reach of the merchants of each major market area.

To concerns confronted with either or both of these problems, Atlanta has a story of fundamental importance.

The South has become one of your most important markets. Buying power doubled then trebled during the past ten years. An area once a poor market has become America's fastest growing market. Those who serve it from close by, as modern conditions demand, are finding volume far above expectations.

During the past four years alone, seven hundred of America's greatest concerns have come to Atlanta with factory branches. The volume gained has suggested branch factories—and their engineers have studied the situation.

They find tremendous production economies. Efficient, willing Anglo-Saxon labor is an important item. Low taxes are another. Raw materials in plentiful supply and at low prices are a big attraction.

They find power rates among the lowest in the United States. They find that buildings cost from 20% to 35% less than elsewhere. And they add these vital factors and many others to a total saving that means better prices, better profits, better values.

Thus branches are established in the Atlanta Industrial Area to answer, as far as the Southern territory is concerned, the twin arguments—"Your price is too high" and "Your deliveries are too slow." For Atlanta-made goods go swiftly to the Southern trade over the fifteen main railroad lines radiating from Distribution City—and at prices that are the despair of competitors in the old, congested centers of industry.

If you are ready for the facts about Atlanta, and what it can do for your volume and profits—ask the Atlanta Industrial Bureau to make a special survey of the situation as it affects your business. Without charge or obligation, and in the strictest confidence, an authoritative and unbiased analysis will be made for you if you will write

INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
9341 Chamber of Commerce Building

Send for this Booklet!

It contains the fundamental facts about Atlanta as a location for your Southern branch.

ATLANTA

Industrial Headquarters of the South

EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

What Really Matters

NO one who has a true understanding of the inexhaustible vitality and the broad and deep foundations of business in this country—who, in a word, has any insight into the human and natural sources of our national prosperity, believes for a moment that business will not recover quickly and vigorously from the shock of the speculative collapse. It is only the superstition of the primitive mind, whether it be embodied in the man in the street or disguised as a Doctor of Philosophy, that can seriously regard the death of the Sacred Bull of speculation, amid the rolling thunders of falling stock prices, as an omen of disaster portending prolonged depression. Such people are indulging themselves in the delight of dramatizing the prosaic and unspectacular facts of life.

The same is true of the cloudy and chaotic conditions that confront business in Washington. With business resting from its worst headache in years, the house promises to be upset for months by legislative painters and paperhangers who are determined to re-decorate it in forty-eight various ways, each according to his taste and all apparently without a plan or a boss. The question of the tariff wallpaper is only part of the mess; there are the fiscal floors to be re-varnished, the Wall Street woodwork to be retouched and the electric fixtures to be monkeyed with by investigation and legislation.

There could be a better time for all this, and better leadership might mitigate the confusion and prevent it from growing into a prolonged period of chronic political disorder. But even if the winter will be windy with Congressional rhetoric it will not blow anything down.

Emergency tax reduction may cheer the business public; tariff uncertainty may depress; but neither touches the fundamentals of our economic strength. Political or legislative changes and financial upheavals cannot of themselves permanently affect the growth of business as a whole. Business men sooner or later will go on with their work, putting up with such annoyances as they have to suffer, profiting by what aid they can get, from such external factors. These things may retard or hasten; they cannot kill or create.

This power lies only in the spirits of business men themselves. The speed of recovery from speculative collapse, the strength of resistance to legislative obstruction, depend ultimately upon the courage, vision and intelligence that the individuals who really constitute "business" bring to their tasks. If they have grown slack and sterile; if they have been softened by long soaking in easy prosperity till they have come to think their jobs exist to support them; if they have ceased to plan and build and labor unceasingly in that sustained public service which modern business has become, then our strength has indeed gone from us, and we may fear the worst.

Prosperity is the product of ideas. It is made by what men think; it can be maintained only by creative thought.

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Marketing and Distribution—GORTON JAMES *Finance and Banking*—D. B. WOODWARD *Transportation and Utilities*—MARVIN M. BLACK
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